

Government of the Republic of Trinidad and Tobago

Ministry of Finance

Budget Statement 2021

Resetting the Economy for

Growth and Innovation

Presented by the Honourable Colm Imbert, MP, Minister of Finance

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Introduction

Madam Speaker, I rise with a deep sense of humility to present the sixth Budget of this PNM Administration, for the financial year 2020/2021.

On August 10, 2020, the citizens of Trinidad and Tobago provided the People's National Movement with a renewed mandate to govern Trinidad and Tobago under the astute leadership of the Honourable Prime Minister Dr. Keith Rowley. Our citizens voted not only for a continuation of political stability; but also reposed their faith in the economic policies and programmes of the PNM as set out in our 2020 Manifesto.

The electorate made *The Right Choice*.

Madam Speaker, having earned a second term, our Team has hit the ground running. I wish to commend all members of the Government, especially our new colleagues, for being able to keep the country fully functional and operational in the two months since the General Election.

This Budget reflects our understanding of the requirements of our country for the medium-term to ensure that our economic recovery is as strong as possible.

The process is full of challenges, uncertainties and opportunities and at this time, I wish to express my appreciation to the public officials in the Ministry of Finance for their continued high sense of public duty and technical expertise. They have ensured that the Budget was prepared within a tight timeframe, with appropriate technical reviews and assessments of domestic and international economic conditions and the impact of current and proposed policies.

The many and varied submissions of external stakeholders have also been reviewed and incorporated into the Budget, where feasible. As is customary, I have today laid in Parliament eleven (11) documents which have incorporated all relevant assessments and views into the plans and programmes to be pursued by this Administration over the medium-term.

Madam Speaker, I am deeply honoured that the Prime Minister has again assigned me the responsibility for the Ministry of Finance. This duty allows me to continue the role which I assumed in 2015 and managed for the last 5 years, notwithstanding tremendous difficulties. During that period, we ensured that over 75,000 workers in the state sector were paid in full and on time, schools and hospitals functioned and all Government services were delivered effectively. We had to reverse the stagnation brought about by the precipitous decline in oil and gas production and commodity prices; stabilize the economy by repairing the fiscal accounts which had deteriorated significantly; and we had to improve our system of governance with transparent processes in order to create the conditions for economic stabilization and growth, in an environment of trust and confidence.

By early fiscal 2020, the economic contraction of the past had been alleviated, and we had emerged from the serious decline in the 2016 to 2017 period, where we lost \$20 billion in annual energy sector revenues, brought about by the first collapse in oil and gas prices and an inappropriate energy sector taxation regime.

The latest data from the CSO now shows that from a decline of almost 6 percent in 2016, we restored stability to our GDP in 2018, with growth returning to a balance of 0.1 percent in that year.

On this note, I wish to make it clear that we in the Ministry of Finance do not generate actual GDP data or actual oil and gas production figures and/or make energy forecasts.

We are provided with this information by the relevant agencies.

However, based on the data available to us, if everything had remained on track, the economy was projected to return to sustainable growth in 2021.

Indeed, at the start of fiscal 2020:

- inflation was at 1 percent, down from 5 percent in 2015, which was beneficial both to the economy and citizens;
- Government revenue had increased by **\$10 billion**, or **27 percent**, over the 2016 figure;
- through fiscal consolidation and careful management, unsustainable expenditure was being brought down to a manageable level, in the \$50 billion range, representing a decrease of **20 percent** over the 2014/2015 level;
- the fiscal deficit was being systematically reduced and had dropped to **2.5 percent** of GDP in 2019 from **9.5 percent** of GDP in 2016;
- interest rates were stable and low, thus creating the conditions for private sector investment;
- the public sector debt was stabilizing at **65 percent**, within international benchmarks at the time;
- the balance of payments was recovering;
- the exchange rate was stable; and

- foreign exchange reserves and the Heritage and Stabilization Fund remained at high levels, in the vicinity of **US\$7 billion** and **US\$6 billion** respectively, to deal with emerging shocks and uncertain scenarios.

Madam Speaker, as we entered 2020, the country was considered by all external agencies as capable of meeting any external shock. Indeed, even during the height of the COVID-19 pandemic, in June 2020, we were sufficiently creditworthy to easily raise **US\$500 million** on the external market in a few hours at a very good interest rate of 4.5 percent over 10 years.

The 2020 Pandemic

Accordingly, at the start of fiscal 2020 last year, we looked forward to the re-emergence of a resilient economy. However, as has occurred with EVERY other country in the world, this picture was suddenly and drastically altered with the onset of the pandemic. On **March 11**, the World Health Organization declared the COVID-19 virus to be a pandemic and on **March 13** the COVID-19 hit our shores with our first confirmed case.

Since that time, we have been witnessing the devastating human and economic toll which the Coronavirus is leaving in its wake as it spreads around the world. As of yesterday, there were approximately **35 million** confirmed cases of the virus in **235** countries, areas and territories and tragically a high death rate of over **1 million**.

In Trinidad and Tobago, after containing the spread of the virus between **March** to **July** to low levels, we began to experience an increase in infections. This increase has by and large been attributed to the gradual re-opening of the economy, which began in **June**. We are now in the community spread phase as defined by the World Health Organization; but recently, as a result of our public health restrictions, including the emphasis on physical distancing, the **August 31** mandate for the wearing of masks, sanitization, the regular washing of hands, limitation of group sizes and other good health and safety practices, we have been witnessing reductions in infections. If trends continue, hopefully we can take decisions in the near future, with a view to the balancing our efforts to contain the virus with the need to maintain our livelihoods.

Madam Speaker, at this time I would like to express our sympathy to all the families and communities which have been adversely affected by this pandemic and in particular, the families and relatives of those who have died. I would also like to commend and thank our devoted and hardworking healthcare personnel, medical practitioners, and essential workers for their collective responsibility for ensuring the containment of this pandemic.

I also wish to express my sincere thanks on behalf of a grateful population to the Honourable Prime Minister, Dr. Keith Rowley for his steady hand and courageous and sterling leadership in taking Trinidad and Tobago through the many challenges presented by the COVID-19 crisis.

Madam Speaker, the global economy initially froze, and then dramatically declined as the effects of the pandemic escalated, but now appears to be on a slow recovery path as many economies are re-opening in the context of demand-inducing fiscal stimulus and similar policy actions. It is hoped that a vibrant global economy would eventually emerge with a return of confidence arising from the availability of affordable and effective vaccines for the virus.

However, our active and enlightened social agenda during the pandemic has averted marginalization and significantly alleviated poverty. This was done by way of a well-targeted *social safety net* to protect the vulnerable from the short-term costs and dislocation of the adjustment processes.

Our approach has been to ensure a systematic but safe and measured resumption of economic activity. The protection of the lives of our citizens is our primary objective and our decisions on the reopening of business activity are thus based on the best available scientific and medical advice.

We understood that our economy would be shuttered by the debilitating effects of the virus. All available resources and expertise were therefore mobilized to design and implement a comprehensive health, economic and social response to COVID-19.

We provided and continue to provide our health sector with all necessary resources. Additional medical personnel have been hired; medical equipment and personal protective equipment have been sourced, hospitals and health care facilities have been upgraded and commissioned and specific sites dedicated to treating infected people.

Step-down convalescing facilities are in place. We have created a robust parallel health system to respond specifically to the pandemic which has been and continues to be an extremely effective approach. This parallel system is carefully monitored to ensure that sufficient capacity is in place to address any unforeseen shock.

Strategic Virus Response

Madam Speaker, our package of policies to address the unprecedented challenges posed by the pandemic has been comprehensive, even in the context of significant erosion of oil and gas and tax revenues.

Madam Speaker, early on, we recognized that economic activity would be curtailed and that several economic sectors would be seriously affected. Our fiscal and monetary response therefore has provided a bridge to support businesses and individuals to help to ensure that the recovery will be as strong as possible.

Unfortunately, as a major part of our response to the pandemic we have had to close our borders since **March 22**. This has had serious and continuing negative social and economic effects but there was no sensible alternative available during this period of crisis.

Notwithstanding this, we responded quickly and decisively to the pandemic with a broad set of policy measures aimed at assisting the poor and vulnerable, protecting businesses, jobs, and incomes, maintaining financial resilience, and sustaining economic activity. A safety net for the most vulnerable households and businesses was immediately established. *It was appropriately targeted at a cost of **\$6.0 billion, of which we have spent over \$4 billion so far. We are leaving no one behind.***

We established a social and humanitarian support programme in which:

- **25,101** grants have been paid under the food support programme;
- **50,904** grants have been paid to individuals who had been retrenched or who had their incomes reduced have become additional beneficiaries under the food support programme;

- **20,500** grants have been paid to households which receive meals from the School Feeding Programme, and which are not current beneficiaries of food support;
- **42,451** grants have been paid as income support to current beneficiaries of the public assistance and disability assistance grant programmes;
- **33,813** individuals who lost their jobs or had their incomes reduced have received **81,179** grants amounting to **\$129.8 million** in salary relief or income support grants;
- **2,818** grants were paid to senior citizens who had not yet received their senior citizens pensions with each grant equating to **\$1,500** in food support;
- **488** grants were paid to individuals who had not yet received their disability assistance grants with each grant equating to **\$1,000** in food support;
- **1400** emergency hampers were provided to families in urgent need during the stay-at-home period;
- **25,000** food vouchers, which included fresh produce, poultry and a grocery voucher, were provided to families in need;
- **3770** families have received rental assistance;

- **\$30.0 million** has been given to our religious bodies for food distribution which in turn distributed **49,330** hampers to needy persons;
- a one-time fuel relief grant in an amount of **\$2,000** is being provided to active maxi-taxi owners as well as a one-time fuel relief grant in the sum of **\$750** to registered owners of active taxis. To date, **1,720** owners of maxi-taxis and **253** taxi operators have benefitted at a total cost of over **\$21.0 million**;
- **343** of our cultural artistes have received grants of **\$5,000** each to date;
- **300** nationals who are stranded overseas have received cash grants of up to **US\$1,000**; and
- **359,000** cloth face masks were distributed free to the public.

Madam Speaker, we provided financial support for companies and individuals to keep people in jobs:

- **25,095** individuals received accelerated income tax refunds;
- **5,010** small- and medium-enterprises with a per VAT cycle threshold of up to **\$500,000** received in cash accelerated VAT refunds;

- **460** companies with up to **\$10 million** in refunds per VAT cycle received fully tradable VAT bonds amounting to **\$3 billion**;
- **142** small- and medium-enterprises have received zero interest government-guaranteed loans;
- To date, **50** business owners have received concessionary loans through the Credit Union Loan Facility at a cost of **\$382,000**;
- **5,000** micro-enterprises will receive grants under the micro-enterprise grant programme. To date, **528** grants were disbursed at a cost of **\$4.8 million**;
- **124** importers of essential items have received **US\$75.0 million** through the Special Import Forex Window from the EXIMBANK. We have approved an additional **US\$75 million** for this initiative; and
- Government payments due to contractors and suppliers in an amount of **\$2.0 billion** are being expeditiously settled.

Madam Speaker we maintained the flow of credit to the business sector:

- the reserve requirement for the commercial banks has been reduced from **17** percent to **14** percent and the repo rate from **5 percent** to **3.5** percent, creating substantial access to credit through over **\$12 Billion** in excess liquidity;
- commercial banks have reduced their prime lending rates from an average of **9.5** percent to **7.5** percent;
- the banks are providing a moratorium on mortgages and instalment loan payments. Penalties are being waived on overdraft facilities on a month-by-month basis;
- credit cards now have reduced rates;
- banks are being encouraged to reduce mortgage interest rates;
- credit unions are being encouraged to exercise forbearance;
- the Trinidad and Tobago Mortgage Finance Limited (TTMF) and the Home Mortgage Bank (HMB) are deferring mortgage payments up to **3** months in the first instance;
- the Housing Development Corporation (HDC) is deferring mortgage payments of up to **2** months, which will be extended in the context of the evolving situation; and

- import duty and VAT have been waived or remitted on computers and certain medical and emergency supplies being imported to mitigate the COVID-19 pandemic.

Madam Speaker, we made special arrangements for Tobago:

- we have provided the Tobago House of Assembly with **\$50 million** to fund the Tobago Regional Health Authority (TRHA) with its COVID-19 related expenses;
- we provided **\$5 million** to the Enterprise Development Programme to assist small businesses; and
- we made available a *Special Fund* of **\$50 million** to provide grants to Tobago hoteliers for hotel upgrade and financial support.

Madam Speaker, there is no question that fiscal 2020 was exceptionally difficult. We had forecasted a budget deficit of **\$5.3 billion** or **3.4** percent of GDP for 2020. With the collapse in oil and gas revenues and in the context of the new pandemic-related expenditure, we are now forecasting a deficit of **\$16.8 billion** or around **11** percent of GDP for fiscal 2020.

It should be noted that this is not substantially different from our forecast in June.

To finance this deficit, we have relied and are relying upon both domestic and international institutions and markets to finance the extraordinary COVID-19 expenditure:

- we tapped into the domestic capital market under the Development Loans Act and utilized just over **\$1 billion** of the **\$10 billion** available;
- we made emergency drawdowns from the Heritage and Stabilization Fund (HSF), approximating **US\$900 million** and leaving the Fund balance at **US\$5.73 billion** at the end of **September 2020**; higher than the prevailing balance of **US\$5.65 billion** at the time of our assumption of Office on **September 7 2015**, confirming its well-managed portfolio of assets;
- we sourced **US\$300.0 million** from various multi-lateral agencies: **US\$20.0 million** from the World Bank, **US\$130.0 million** from the Inter-American Development Bank (IADB) and **US\$150.0 million** from the Development Bank of Latin America (CAF); and

- we sourced a net **US\$250.0 million** on the external capital market.

Madam Speaker, we expect **2021** to be another challenging year. Nevertheless in **2021**, our objective is to keep the economy moving, to stimulate economic activity, to continue to provide financial assistance to individuals and businesses, where necessary and appropriate ***and to keep as many people employed as is possible.***

Economic Recovery

Madam Speaker, we recognize that there is no clear path for the re-opening of the economy. We are aware that the longer the economy stays at a less than optimal production level, the longer it would take to get it going again and the more protracted the economic slowdown.

Over the past months, utilizing local expertise and experiences, we have designed a post-COVID *Road Map to Recovery* to assist us with guidance and advice on what we should do to meet developmental and growth objectives.

Accordingly, the theme for this Budget is: ***Resetting the Economy for Growth and Innovation.***

The post-COVID economy will be shaped by decisions made in the fight against the virus. The profound uncertainty about the virus and its trajectory and about how other countries would respond dictate that the *policy processes* must evolve in the context of constant monitoring and review.

In particular, we can only avoid conflicts arising from the interplay of political and economic forces and make a planned and safe exit from the crisis ***through collective action at all levels of the society.***

In this regard, our political and economic institutions must co-operate to fight against the virus, to collectively eliminate it.

We must strive to do so without being side-tracked by political differences or self-interest.

- **World Economic Outlook**

Madam Speaker, our transformational and ambitious medium-term plan is being implemented even with the global economy in a fragile position.

Since the outbreak of the COVID-19 pandemic, the International Monetary Fund has issued on two occasions its World Economic Outlook and its Global Financial Stability Report- in **April 2020** and in **June 2020**. In the April WEO Report the projection for global output for 2020 contracted substantially by **3 percent** from **3.3 percent**. In the June Report, the projection was further revised downwards to **4.9 percent**. Global trade is expected to collapse by nearly **12 percent** in 2020.

A deep downturn is taking place in both advanced economies where growth will contract by **8** percent and excluding China, emerging market and developing countries will contract by **3** percent and **5** percent respectively; of course more progress on vaccines could substantially bolster confidence and lead to better growth outcomes with a favourable impact on Trinidad and Tobago.

- **The Property Tax**

Madam Speaker, a newly instituted tax administration system will be further consolidated with the commencement of the *Property Tax Regime* in Financial Year 2021.

The Property Tax Act was assented to on December 31, 2009. At about the same time that the Property Tax Act was passed, substantial amendments were made to the Valuation of Land Act by Act No. 17 of 2009.

These two pieces of legislation are intended to provide a comprehensive tax regime under management of a single assessment agency and a single collection agency to replace the former system of lands and building taxes and house rates which produced inconsistent and inequitable consequences and was not being administered efficiently or effectively in accordance with the statutory provisions.

Madam Speaker, this Government has been working assiduously to produce the required Valuation Roll, notwithstanding numerous challenges. To expedite the process and validate the information on the Valuation Roll, the Commissioner of Valuation will in the near future be making **mandatory requests** of property owners under Section 29 of the Valuation of Land Act for the provision of information in an appropriate format. The objective is to commence the collection of property tax in **fiscal 2021**, starting with residential properties, and we continue to assure property owners that the rates of this tax will be both fair and reasonable and will not present an onerous burden on them. The taxation of commercial, industrial, and agricultural properties will follow, in that order.

Madam Speaker, in keeping with the Government's digitalization thrust and COVID 19 social distancing protocols, an online option is also being developed for the submission of information by property owners. This online system should be operational shortly.

- **The Heritage and Stabilization Fund**

As indicated earlier, the net asset value of the Heritage and Stabilization Fund at **US\$5.73 billion** was higher at the end of September 2020 than it was when we took office in September 2015, despite withdrawals totalling **US\$1.6 billion** over the period 2016-2020.

Our sovereign wealth fund has thus performed remarkably well, and in 2020 alone, after losing **US\$1 billion** in value following the collapse of world stock markets in February and March, the Fund has recovered every dollar it has lost, through the astute management of the fund managers.

As I mentioned before, the Government decided to introduce a comprehensive package of measures to deal with the unprecedented crisis created by COVID-19. The package included a partial lockdown of the economy, which led to a slump in economic activity and a significant revenue shortfall affecting both energy and non-energy revenues.

There was thus an urgent need for increased government spending to mitigate the impact of the crisis. Addressing this fiscal gap required a substantial increase in available resources, which the Government decided to raise through a combination of local and foreign borrowing supported by withdrawals from the HSF. On March 26 the Government presented and the Parliament approved, an amendment to the HSF Act to allow for withdrawals of up to **US\$1.5 Billion** during the financial year, in the event of a health crisis, a natural disaster or a precipitous drop in budgeted revenue.

As indicated earlier, as a result of COVID-19, the fiscal deficit for 2020 is now estimated at **\$16.8 billion**, over **\$10 billion** more than originally envisaged. To support the financing of this deficit, **US\$900 million** or just over **\$6 billion** has been withdrawn from the HSF, under the recent amendment.

It is worth noting that there is nothing unusual about this, as Governments all over the world have been turning to their Sovereign Wealth Funds to finance the impact of the structural change in global energy markets and to deal with the economic fallout resulting from the COVID-19 pandemic.

- **Macro-Economic Indicators**

Madam Speaker, Trinidad and Tobago's output is now projected to contract in real terms by **6.8 percent** in 2020, with recovery driven by an emerging digital economy and a recovering global economy expected by 2022.

Given these considerations, inflation is likely to continue at very low levels, between **1 percent** and **2 percent** up to 2022.

Madam Speaker, since the onset of the virus in **March 2020**, fiscal policy has provided significant support to our economy. Initially, we resorted to public borrowing to limit the impact to the incomes of our citizens.

Let me emphasize that by borrowing today to support the economy we are avoiding a bigger loss of output and jobs which could damage the economy and society for years to come, thereby putting our annual budgets under continual stress and strain. This approach is also being adopted by virtually all advanced and emerging economies in the world.

This notwithstanding, our ratio of public sector debt to GDP is still lower than several other comparator countries. For example, the debt to GDP ratio in the United Kingdom at the end of July 2020 reached **100.5 percent** of GDP, an increase of **20.4 percent** compared with the same point in 2019. It was the first time that the UK's debt to GDP ratio was above **100 percent** since 1961. Additionally, analysts expect that India's debt to GDP ratio could reach as high as **87.5 percent** in 2020.

In the Euro area, the average debt to GDP ratio is also expected to cross **85 percent** in 2020 with an average decline in GDP in European countries of **10 percent**. In the Latin American region, debt to GDP ratios in several countries are expected to cross **100 percent** in this year with economic contractions averaging over **9 percent**.

In the Caribbean, the major economies such as Barbados and Jamaica continue to struggle with debt to GDP ratios in excess of **100 percent**.

We are projecting that once our economy recovers, our debt to GDP ratio which has reached **80 percent** so far in 2020 in the context of the fiscal support for COVID-19 and economic contraction could return to its pre-crisis level of **65 percent** by 2023/2024.

We are thus focusing on our medium-term fiscal responsibility approach to target the emergence of a primary fiscal balance in 2022 and a reduction in the fiscal deficit from **5.5 percent** of GDP in 2021 to **2 percent** of GDP in 2023.

We are determined to achieve this objective as we derive the benefits from the recovery of the economy and the phasing out of a significant part of government guarantees in the medium-term. Our financing costs have been relatively moderate with stable and low interest rates. Under this baseline scenario we believe that the public sector debt is entirely manageable and affordable.

Madam Speaker, we continue to have significant financial buffers; at the end of September 2020 our foreign exchange reserves were **US\$7.3 billion** and our assets in the Heritage and Stabilization Fund were **US\$5.7 billion**. The combined total of **US\$13 billion** equates to approximately **59** percent of GDP.

We also expect that an improvement in the balance of payments will contribute significantly to the generation of foreign exchange; the current account of the balance of payments is also projected be in surplus by 2022 in the context of increasing energy exports and a stabilizing level of imports.

Madam Speaker, looking forward, an important priority will be to boost jobs. Based on the baseline forecast, we believe that our policies to support incomes which add to aggregate demand through direct government spending and make it easier for firms to hire people will ensure that our unemployment rate returns to the previous levels of **4** to **5** percent.

Institutional Building

Madam Speaker, the Opposition is in a position to provide the required parliamentary support for certain pieces of legislation which are in the public interest.

These pieces of legislation have already been subject to parliamentary scrutiny and consideration and we should have these institutions in place in the shortest possible timeframe.

The Trinidad and Tobago Revenue Authority

Madam Speaker, the *Trinidad and Tobago Revenue Authority* should have already been established by the *Trinidad and Tobago Revenue Authority Bill* which was laid in Parliament in 2018 and scrutinized by a Parliamentary Committee for over one year, and we look forward to the support of the Opposition for this critical piece of legislation in this new term.

Revenue Authorities have been proven to be extremely efficient in the collection of public revenue in those countries where they have been established and such an Authority in Trinidad and Tobago is expected to bring significant improvements in tax collection, thereby reducing the tax gap by as much as **\$5.0** billion per year.

In preparing for its eventual conversion to the Trinidad and Tobago Revenue Authority, the Inland Revenue Division is already building institutional capacity in several areas, including integrity of the taxpayer database, risk management, voluntary compliance, timely filing of tax declaration, timely payment of taxes, accurate reporting in declarations, effective tax dispute resolution and effective revenue management.

The Gaming Commission

Madam Speaker, we believe that a *Gaming Commission* must be urgently put in place with the required parliamentary support for the *Gaming and Betting Control Bill*. Our unregulated gambling sector, with its associated local and international criminal activity, cannot continue in its present form, nor can we afford the low level of tax compliance in that sector. Bringing the Gaming and Betting Commission into force will ensure that the sector plays a key and legitimate role in the generation of taxes and in fostering economic growth, including the generation of foreign exchange and high-quality employment. We hope that in this term the Opposition will give the necessary support for this important and sorely needed legislation.

National Statistical Institute

Timely economic and business decision-making will also be driven by the transformation by the Ministry of Planning and Development of the Central Statistical Office into the National Statistical Institute.

The legislation to create this modern statistical institute, which requires the support of the Opposition, has also languished in the Parliament for several years. But to compete in today's world, publication of trade and economic data, including employment and financial data must occur in real-time.

National Insurance Board

Madam Speaker, we are ensuring that our national institutional mix remains resilient and capable of meeting the demands of a modern economy. We will ensure that the National Insurance Board (NIB) remains able to provide our citizens with income security for various needs including retirement, maternity, employment injury and funeral expenses. With expenditure on benefits now exceeding contribution income, we will take whatever steps necessary to maintain the integrity and viability of the NIB, ***including a serious examination of the need to extend the retirement age to 65.***

Procurement

Madam Speaker, with the Office of the Procurement Regulator already in place, the soon-to-be proclaimed Procurement Act and the associated making of regulations, which are subject to affirmative resolution of Parliament, will ensure that government decisions will be transparently managed, adding significant value for money in the procurement of goods and services.

Public Administration

Madam Speaker in this post-pandemic era we are improving the efficiency of the public sector apparatus. With increasing technology, digitization and digitalization, we are improving public sector performance while at the same time containing the growth in expenditure. As we undertake diverse approaches to reform key institutional arrangements, utilizing an e-governance eco-system, we will transform workforce human resource management arrangements; we will change budget practices and procedures and we will introduce results-oriented approaches to policy execution.

Madam Speaker, we have been able to reduce our annual public expenditure to approximately **\$50.0 billion** with **\$10.0 billion** being channelled to the direct public service of approximately **62,300** individuals. Furthermore, transfers to statutory authorities and state enterprises account for another **12,000**-plus employees. As an initial step, and in the context of our constrained revenue situation, we are freezing the filling of all vacancies in the public sector.

Digital Society

Madam Speaker, in keeping with our theme we have revisited our standard model of economic development. Business closures and work-from-home arrangements are generating solutions for improving productive processes throughout the wider economy and for identifying new sectors and export-capable activities in a changing business climate.

We are now convinced that going forward our developmental model must be anchored on the *newly- emerging digital economy*. We are already into a new lifecycle of accessing new markets and new models: *e-business, e-commerce, e-government, e-banking*, among others.

We are doing so through the co-existence of computer systems, the internet, telecommunications and electronics and their sustainable development. Businesses are experiencing radical changes in their efficiency to reduce transaction costs.

Madam Speaker, a fully digital Trinidad and Tobago is central to the growth and diversification of the economy. In this context, the Ministry of Public Administration and Digital Transformation has been charged with the responsibility of directing the necessary changes to accomplish this objective and in particular has been mandated to ensure that high-speed broadband internet access accompanied by the requisite ICT infrastructure is made available for all citizens. The focus will be on schools and institutions: pre-school, primary, secondary, and tertiary, as well as other important institutions and agencies.

The Ministry has also been mandated to create an electronic population register or e-identity for every citizen to facilitate data transmission to all agencies.

This is expected to streamline processes and identify and eliminate waste, duplication, and inefficiency in the provision of Government services.

Initially, a digital public service is proposed through an e-Governance ecosystem, involving:

- the *National Single Electronic Window*: TTBizLink which will reduce overall processing times for business-related services and improving our trade performance and competitiveness;
- the *DevelopTT Automated Construction System* which will reduce the time taken to receive planning approval from the Town and Country Planning Division and building permits from Municipal Corporations, among other agencies;
- a *new government service delivery model* which is already facilitating or will facilitate:
 - issuance of passports within **two (2)** weeks;
 - registration of motor vehicles and issuance of drivers' permits;
 - registration for tax, tax returns, tax clearance and payments;
 - issuance of all licensing arrangements, including liquor licenses;

- registration of companies;
- conveyancing and land registry; and
- delivery of pensions and social grants, including salary and income supports, public assistance, food cards, disability assistance and rent relief.

Madam Speaker, in the context of the utilization of digital access tools, including government services, by the national economy, ease of access to digital commerce will be provided through a range of digital cultural shift activities and a national digital database. We will facilitate the implementation of several major projects:

- student broadband availability;
- digital procurement solutions;
- digital mobile money solutions;
- free public Wi-Fi;
- nationwide 4G and 5G network;
- development of a national digital database; and
- delivery of a wide range of government services.

In so doing, the focus will be on young people to facilitate their participation in the technological transformational processes. Appropriate funding and incentives will be provided for training and equipment for digitization:

- all taxes have already been removed on computers and the remaining taxes on digital equipment listed in our Manifesto, such as taxes on mobile and digital equipment and cell phones will be removed in the Finance Act in **December 2020**;

Additionally, it is proposed that over the next **two (2)** years:

- government grants will be available for start-up businesses;
- tax credits will be available to businesses which invest in tech start-ups or new tech businesses, in technology solutions and digitization as well as in businesses which create employment in the technology industry, particularly for young people;
- finance and incentives where applicable will be provided to entrepreneurs engaged in software and mobile application development, user interface design, call centre operations, quality assurance bug testers, animators, visual effects, and electronic media; and

- a **Tech Investment Fund** and a **Tech Promotions and Development Company** will be established, and it will be available to all viable tech start-ups and new tech businesses.

It is expected that the new digital economy will transform all industries, and be vastly different from the old economy, where growth was driven by the mechanization of production. We expect that digitalization will be a primary driver of economic efficiency, productivity, and improved living standards.

Agriculture

Madam Speaker, as this country developed its oil and gas sector as well as its manufacturing sector and as our international trading arrangements developed along the lines of a free-market system, the contribution of agriculture to national Gross Domestic Product (GDP) declined despite consistent investments by the State.

As a proportion of gross domestic product, the contribution of agriculture has been insignificant – accounting for approximately 1 percent or less over the past decade. Even with numerous generous incentives and the availability of cheap state land for production, investors and farmers have been unable to overcome consistently the structural impediments inherent in the agricultural sector.

The number one reason has been a decades-old malaise in the renewal of state land leases and an almost impossibility to be granted new leases. Decades ago, this malaise cracked the willpower of farmers and farming families and while production continued, investments in infrastructure and innovations have not been made by many farmers.

The difficult-to-predict weather fluctuations, unpredictable global market conditions, sudden and dramatic natural shocks such as plant and animal diseases and pests have made agricultural endeavour a risky business model for the private sector.

Madam Speaker, faltering, declining and inappropriate investments have been the central feature of the sector. Fortunately, with available resources from the oil and gas sector, we had been able in the past to meet our demand for food through imports with a value of over **\$4 billion** per year. But we can no longer tolerate such a high food import bill.

Madam Speaker, declining oil and gas revenues and the COVID-19 pandemic experience have made food security a national objective and to that end, we are committed to insulating the economy against the impact of shortages and supply chain disruptions. For the next **5** years, we are placing expansion of our domestic food supply at the top of our national policy agenda.

We have already decided to make agriculture in all its facets a **tax-free industry** and we are going to build on this base. We will provide the confidence which is required for our investors and farmers to invest their time, energy and their own personal finances in the development of the sector, by making the sector much more attractive, especially for young people.

A **\$500 million Agriculture Stimulus Package** is thus being established and funded in 2021, which I must point out is in addition to the normal budgetary allocation to the Agriculture Sector. In fact, this represents a **70% increase** over last year's allocation for Agriculture

The funding will support the rapid expansion in production and marketing of selected high-demand commodities with short production cycles such as vegetables, legumes, roots and tubers, grains, fruits and small live stock; adequate quality seeds will be secured; the use of alternative feedstock will be encouraged; and land issues will be addressed with a view to accelerating land tenure and access to idle state lands.

The linkages along the food value and distribution chains will be strengthened by making locally produced foods more attractive within the country.

This will be accomplished by: (i) providing training and technical support to ensure that producers maintain international quality standards; (ii) emphasizing the link between local and agricultural production and the health of the population; (iii) guaranteeing state agricultural purchasing and distribution of local content to supplement state-funded initiatives such as the *School Feeding Programme*, public hospitals and the protective services; (iv) increasing the use of digital technology to foster agricultural marketing and distribution by increasing public education campaigns; and (v) influencing the food service industry to provide meals which cater to local tastes.

Madam Speaker, we are building a more technologically-advanced agricultural system to increase the availability of domestic food supply; a *Centre of Excellence in Agriculture and Bio-Technology* is being established using the existing human resources and infrastructure at the Ministry of Agriculture, Land and Fisheries, the University of Trinidad and Tobago, CARIRI and other agencies of the State.

Moreover, education and training on sustainable agricultural practices is being accelerated; the use of water saving devices is being encouraged; stronger buyer-supplier relationships are being promoted; and accessing the stockpiling needs of essential commodities to cater for emergencies is being fostered.

Madam Speaker, these public initiatives will set the country on track to increase our food production and significantly reduce our net food import bill. The new vision for agriculture is being further consolidated on a wide range of other public initiatives including:

- investing in precision agriculture which allows farmers to maximize yields by controlling every variable of crop farming;
- promoting the use of home gardens;
- incorporating indoor vertical farming methods to increase crop yields;
- creating community-supported agriculture programmes;
- increasing education campaigns promoting the benefits of locally produced alternatives to cater to healthy lifestyles; and
- developing marine aquaculture.

The Government will invest in productivity-oriented research and technology and strengthen the linkages between industry and agriculture to build sustainable food systems by:

- targeting the production of products which can derive higher value-added benefits through the manufacturing sector such as agro-processing, nutraceuticals, cosmetics, pharmaceuticals, textiles, paper, packaging, adhesive industries among others;
- utilizing final products from farming and fishing to expand the experience in the tourism industry;
- developing industries which produce bioethanol, biodiesel, and biogas from organic waste;
- deepening integration within the private sector by connecting micro and big businesses to create a strong agribusiness ecosystem;
- creating more *Public Private Partnership arrangements* for agribusinesses; and
- investing in livestock farming technology.

Madam Speaker, the share of agriculture in GDP will be consistently increased as we make agricultural activity much more attractive for farmers and investors. *We will achieve our objective to move food security out of the existing danger zone and take its rightful place as a major activity in our new economy.*

The Minister of Agriculture, Land and Fisheries will expand on these and other initiatives during his contribution to the debate.

Manufacturing

Madam Speaker, as we chart a new and innovation-driven future post-COVID-19, the manufacturing sector will become the digital catalyst for achieving economic transformation and diversification, *consolidating in the process a focus on new and niche markets, especially for exports.* This sector will remain private-sector-driven; but the Government will continue facilitating an enabling environment for the flourishing of the sector. Advanced technologies and environmentally friendly practices will anchor the sector in the digital landscape over the next **2** years putting it on a sustainable path of competitiveness and growth.

We will support the manufacturing sector in its quest to double output by **2024**, expand employment and exceed its current contribution of approximately **19** percent to GDP.

Madam Speaker, the deficiencies and structural rigidities which exist within the sector will be addressed. We will build on the prevailing collaborative environment, involving the Trinidad and Tobago Manufacturers Association, the Energy Chamber, and the Chamber of Commerce.

Our vision in the post-pandemic era is the continuing evolution of this sector to one which is globally competitive, productive, and innovative.

Among other initiatives, the foundation for further development and expansion of the manufacturing sector over the medium-term will coalesce around several major transformation initiatives, including:

- the ease of doing business will continue to improve as we build on the existing framework of competitive indicators. The *Single Electronic Window* is already improving performance in the processing of imports and exports; an *Electronic Funds Transfer Window* is being put in place to allow all payments to Government such as taxes and custom duties to be made by electronic means; e-*Government* is ensuring that all government services, where practicable are automated;
- the *Voluntary Compliance Programme* under the Customs and Excise Division is allowing shipments of *bona fide* importers to be fast-tracked; and the *National Trade Facilitation Committee* is modernizing, upgrading and automating import procedures to reduce the time and cost associated with the import and export of goods;
- the VAT refund system will be made more efficient with the aim of improving cashflow for businesses, thereby significantly easing their financial and economic burden, especially during the tough financial times ahead;
- the highly successful tradable VAT bond instrument will be utilized again where appropriate to settle arrears; and

- *the* EXIMBANK is being transformed to facilitate the growth and expansion of the non-energy export sector, thereby enhancing our foreign exchange earnings, and sustaining employment levels.

Madam Speaker, in addition to these investment facilitatory mechanisms, the Government will improve production capacity through the implementation of a *national quality policy*; by accrediting public and private laboratories and by modernizing the regulatory framework for our exports.

Madam Speaker, the Evolving Technologies and Enterprise Development Company Limited (eTecK) will become a *facilitator of commercial development*. Firms in high-value manufacturing *areas* will be targeted, in particular those exporting niche products, including *our chocolate, our native Moruga scorpion pepper and the Moruga hill rice*, to name a few.

We intend to improve the current free zone regime into a new and modern Special Economic Zones framework, building on our experience with free zone arraignments. Under this new regime:

- our economic-free zone regime will be modernized;
- the economic and social impact of economic zones will be increased;

- the international appeal of our economic zone regime will be enhanced; and
- existing and advanced new mechanisms will be improved, and procedures put in place to develop and to manage economic zones in an effective manner.

The establishment of the new **National Special Economic Zone Regime** will attract new, dynamic, and sustained investments which the previous free zone arrangements could not achieve.

Madam Speaker, the *aluminium industry* will be revisited and we will foster downstream aluminium production and other high-value manufacturing such as electronic assembly steelpan, textile and garment manufacturing for the domestic fashion industry, cosmetic and petrochemical production and pharmaceutical and nutraceuticals, including medical marijuana. The *scrap iron industry* will also be promoted as an eco-friendly business by providing the necessary technical support and regulatory and incentive framework.

Construction

Madam Speaker, construction activity for creating infrastructure will be strengthened as a driver of strategic economic growth, serving as a catalyst for promoting development in all areas of the public agenda through:

- delivering quality healthcare through improved health facilities, including new and refurbished hospitals;
- facilitating safety in road transport through the roll-out of a network of roads and highways as well as bridges and walkovers - all built at internationally accepted standards;
- improving the supply of water and addressing wastewater issues;
- building educational capacity through a mix of school systems; and
- expanding our housing stock at affordable prices.

From a policy perspective growth in this sector will be anchored in the context of the transformation of the legislative, regulatory, and operating construction eco-system. The focus will be on:

- more user-friendly and efficient regulation;
- value for money through improved procurement;

- improved land use;
- a modern built environment; and
- increased local content in the construction sector.

Madam Speaker, our construction programme will be anchored on several key pillars, including:

- *smart growth* will be scored and rewarded by assessing and rating incoming applications for development as well as by other Government agencies and the private sector. The utilization of a *Smart Growth Scorecard* made up of key performance indicators would measure the adherence of development projects to the desired planning and design principles and ensure that the country transits from the status quo of purely *shovel-ready* projects towards *shovel-worthy* projects;
- *smart plans and land use regulations will be enhanced by overhauling the land use policy and regulations and/or standards* now used by the Town and Country Planning Division to ensure compatibility with the aims of the new framework.

The adoption of the National Spatial Development Strategy and the Municipal/ Local Area Plans will be an immediate requirement; and

- *smart transportation strategies and systems* will be developed by ensuring that proper service levels are met for both urban and rural residents; by providing a variety of viable and appealing transportation options; and by managing optimal parking, especially in highly-urbanized areas.

Madam Speaker, we have established a menu of infrastructural projects which can be supplemented by a pipeline of projects, including *public-private-partnerships, procurement projects and private sector projects*. These projects would become key catalysts and financial drivers for stimulating the economy for the next **two** years. These projects include:

- completion of the Solomon Hochoy Highway extension to Point Fortin;
- construction of the Churchill Roosevelt Highway extension to Manzanilla;
- construction of the Valencia to Toco Highway and the Fast Ferry Port in Toco;

- continued implementation of flood mitigation and Coastal Zone Protection Works;
- implementation of the San Fernando Waterfront Re-development Programme;
- implementation of the Port of Spain Re-development Programme;
- redevelopment of Skinner Park; and
- implementation of the Urban Renewal and Revitalization Programme.

We are expediting progress on improving the ease of doing business by reducing the time for obtaining approvals from the statutory agencies to build or to develop property. We are moving the permitting eco-system to a ***paperless environment***. This is a critical pillar in the *new e-construction system*.

Madam Speaker, over the next **2** years, we will incentivize the construction sector through a number of fiscal incentives, including tax relief, which will be granted for approved development projects, such as approved housing and commercial and industrial building development, along similar lines to the fiscal incentives already available under the law for approved tourism and hotel projects.

Creative and Cultural Industries

Madam Speaker, the creative and cultural industries are emerging as a critical engine of growth and development. However, the COVID-19 pandemic impact on these industries has been unquestionable. This sector will be among the last to re-open fully. Industry players are undergoing serious hardship, in particular in the fields of music, film, dance and theatre, heritage, literature publishing, festivals and broadcasting. To cushion the fallout, artistes have received and/or are eligible to receive short-term income relief of **\$5,000** as part of our COVID-19 relief programme in recognition of their continued inactivity. ***The Salary Relief Grant and Income Support Grant Programmes will also be extended to December 2020 for workers in this industry, among others in a similar situation, to provide further financial support, where applicable.***

The economic and employment-creating potential of the creative and cultural industries will be unlocked in a measured and consistent manner through: providing support to artistes; promoting support for intellectual property protection; establishing a local content guideline for local media houses; supporting the transition of creative arts from the informal sector to the formal sector; providing local and foreign training opportunities, including partnering with tertiary training institutions; collecting and publishing local cultural statistics; encouraging the use of artistes' guild to promote equity, decent work standards and quality work management; marketing Trinidad and Tobago as an arena for international film productions; and continuing to expand the local fashion industry.

Madam Speaker, in keeping with our commitment to a digital economy in 2022, initiatives geared towards improving digital literacy for local artistes will be promoted. Incentives will also be provided for increasing the percentage of local music played on local music stations.

Social Development

Madam Speaker, our new development model will be much more human-centred. We have long ensured that our expanding economy accommodate the most vulnerable and underprivileged in our community – pensioners, the elderly, the unemployed, the vulnerable, including persons with disabilities. A multi-faceted social safety net allows these citizens to deal with extraordinary burdens, especially in times of crises.

Madam Speaker, a wide-ranging social safety net has been pivotal in this social protection regime. In 2020, **200,000** persons would have benefitted from a range of new and enhanced social services. The COVID-19 response expanded the social safety net by providing *inter alia* income support, food cards and rent relief for persons who lost their jobs.

In addition to the current social agenda, new programmes to target specific groups such as single mothers and fathers, children and vulnerable youth will be introduced.

To that end, an *Integrated Community First Responders System will be put in place* and a *data management system* will be implemented to identify quickly those households, women and children and single parents who require support and in particular, female-headed and single-father households, elderly women, vulnerable persons living alone, mental health persons and shelters for displaced men.

Madam Speaker, notwithstanding the success from the proliferation of policies and programmes within at-risk communities, in particular those which impacted the communities, we are of the view that increased focus must be placed on the holistic development of these communities to reduce the number of youth who face exceptional challenges in the traditional venues of socialization, principally the family, the community, the school and the workplace. We are tackling vigorously the challenges of youth in urban and semi-urban communities with high crime rates.

A **Community Recovery Committee** is now working towards the design of an action plan for communities with a proliferation of at-risk youth beginning with greater Laventille and East Port of Spain and continuing onto other communities in which crime, economic deprivation, and victimization are endemic due to societal and other issues.

Madam Speaker, in focusing on the workforce, we will facilitate training, support schools and day-care facilities and fund domestic violence centres, transitional facilities and strategies to end gender-based violence.

Madam Speaker, with dwindling revenues, we are ensuring that social expenditure is efficient and that *more can be done with less*. A *National Social Services Card System* using a unique e-identifier will track vulnerable persons and/or families, modernize the delivery of social support programmes, encourage the use of locally-produced goods and develop a register of agencies and individuals supportive of the vulnerable population.

Human Capital

Madam Speaker, our society is already transitioning to an innovative and digital economy. There exist within our national community digital and mobile devices at high levels of penetration, including smart phones at **80** percent penetration and internet access at **80** percent penetration. We are increasingly using e-government and e-payment services; but their full application is not geared towards producing the skills and the competencies for the workforce in the new digital economy.

In recognition of the importance of information and communication technologies, we have embarked on a systematic upgrade and enhancement of all the ICT systems in the education sector. Our objective is to support and to improve the delivery of services to our internal and external clients.

Madam Speaker, immediately upon our assumption of Office in September 2015, we established an *ICT in Education Five-Star Plan*. We are aware that digital technologies were already infusing the education system; but the participants in the process did not all make use of the available digital resources and this was due to a variety of circumstances, including insufficient provision of necessary equipment, lack of training of teachers in the field of information and technology, limited access to the internet in the learning process and ineffective mechanisms for transmitting information. We are currently addressing these deficiencies.

Madam Speaker, we are improving governance of all ICT initiatives; we have established an overarching ICT policy; we have expanded infrastructure to support ICT in schools, inclusive of the provision of laptops and other technology devices and we are restructuring the curriculum for effective ICT integration as well as training teachers.

We have taken steps through our *Adopt a School Initiative* to deliver laptops and internet connectivity to our student population. At the virtual opening of our schools in early September 2020, we recognized that thousands of children did not have easy access to computers or the internet to be able to take advantage of the new system of virtual teaching.

We are facilitating the process by the removal of all taxes on computers, laptops and tablets on **September 5, 2020**, in time for the re-opening of all schools and educational institutions. We also note that the private sector and public-spirited individuals are coming forward to assist in the provision of these devices. To add to this effort, we have provided the sum of **\$50 million** in this year's budgetary allocation for the acquisition of computers for needy students.

The acquisition and distribution of these computers will be a joint effort between the Ministries of Education, Public Administration and Digital Transformation, and Social Development and Family Services, to ensure value for money and fitness for purpose and distribution to those who really need them.

Madam Speaker, we are ensuring that our teachers are adequately equipped with the knowledge, attitudes and skills required to perform their tasks in this new ICT educational environment. The *ICT Teacher Professional Development Programme* is nurturing learning communities among both teachers and students, and this would lead to more effective and productive use of technology. Over **2,300** teachers have graduated successfully from this programme.

We are ensuring that early childhood, primary and secondary school physical infrastructure is modernized and adequately maintained to fulfil the needs of students, teachers, non-teaching support staff and administrators. The UWI South Campus in Penal-Debe when fully commissioned is expected to expand the reach of university education. The UTT Tamana Campus upon completion and the upgrading of UTT campuses across Trinidad and Tobago will provide state-of-the-art facilities for creating a new cadre of employees for the digital workplace.

Madam Speaker, notwithstanding many challenges, the Ministry of Education has safely reopened our educational system through the use of digital technology and best practice as we move from face-to-face classes to online instruction.

We are building on the literacy and numeracy curriculum by making education much more relevant to the workplace of the new digital economy. Our students with new productive-enhancing skills and competencies are preparing themselves for work in the 21st century. **No student will be left behind.**

Housing

Madam Speaker, the provision of good quality and low-cost housing for our low-income citizens has long been a fundamental pillar in our public housing policy agenda. Since its creation, the Housing Development Corporation (HDC) has delivered over **50,000** housing units; yet the number of applicants has remained substantial: over **175,000** in the lower-to-middle income segments of the market.

The HDC with its current structure and financing is rolling out approximately **3000** units per annum. We are expanding this output through the private sector, in particular small- and medium-sized contractors which have been accorded crucial roles in the roll-out of public housing. The sound and supporting infrastructure base is a critical pillar for anchoring sustainable growth and development.

Madam Speaker, over the next **10** years we will deliver **25,000** new homes on state lands through our *Accelerated Construction Programme*.

We will cater to individuals with different levels of incomes and socio-economic standings. The mix of housing solutions being provided by the Housing Development Corporation will include but will not be limited to:

- **10,000** starter-homes valued at **\$250,000** each with a monthly payment of **\$925** and a zero down-payment;
- **5,000** affordable homes at **\$350,000-\$500,000** each with a monthly payment of **\$1,165-\$1,755** with a **5** percent down payment;

- **5,000** middle income homes valued between **\$650,000-\$900,000** with a monthly payment of **\$2,285-\$3,160** and a **5** percent down payment; and
- **5,000** housing units targeting young professionals with the units valued between **\$1million-\$1.5 million** and a monthly payment of **\$3,510-\$5,265** and a **5** percent down payment.

We will resource the Land Settlement Agency to construct homes costing less than **\$250,000** utilizing the experiences from the Housing and Village Improvement Programme. We will encourage the private sector to mirror our efforts by delivering a further **10,000** housing units over the next **10** years.

Madam Speaker, the small and medium contractor's initiative will roll-out 3-bedroom 2-bathroom homes at a cost of less than **\$500,000**.

In addition, **20 percent** of all state housing construction projects would be reserved for small and medium contractors.

In our housing thrust, we are targeting families with earnings less than **\$10,000** per month in several communities in Trinidad and in Tobago.

We will be expanding and strengthening a range of facilities for increasing the housing-stock now in execution through: providing housing improvement and repair grants of up to **\$35,000** as well as relaxing the access policies; providing concessional home construction loans with a 2-year moratorium on payments; providing concessional land purchase loans with a 2-year moratorium on payments; and establishing housing start grants of up to **\$35,000**; and encouraging the thousands of HDC clients, currently occupying HDC units without finalizing the purchase of same, to convert *licence to occupy agreements* into full mortgage arrangements.

This construction activity from a wide range of firms and individuals will generate at least **20,000** jobs per annum. We will make it easier for the private sector to access tax incentives for private building and housing development. *DevelopTT will be tasked to reduce the time for the entire buildings' approval process to 6 months or less and the relevant Government agencies will be mandated to reduce the time for obtaining approval for housing and construction tax incentives to 3 months or less.*

Madam Speaker, over the next **2** years, the Government will provide the enabling environment and necessary subsidy for all state-supported housing mortgage loans to be a subsidized interest loan of **2** percent over **30** years and with a down-payment of just **5** percent in the higher income brackets. First time homeowners with existing mortgages will be able to refinance their housing mortgage loans at concessional rates under prescribed conditions. Fully developed land for housing will be provided from **\$10** per square foot for a typical housing lot.

To finance all of this, the Ministry of Finance will facilitate a Government guaranteed loan facility of \$1 billion for the HDC in 2021, after which we expect the HDC to accelerate the finalization of mortgages for already completed houses, to assist in financing new construction. Appropriate loan financing for village improvement and low-cost housing development will also be made available to the Land Settlement Agency, which will require amendments to the State Land (Regularisation of Tenure) Act.

Health

Madam Speaker, the delivery of quality healthcare to our citizens, in particular our senior citizens, has been a major public sector objective in our health policy agenda.

The impact on the health of our citizenry has been unquestionably beneficial. Sustainable Development Goals status prevail in maternal and child health and in neo-natal mortality where we have witnessed continual declines. Life expectancy has been increasing. The Chronic Diseases Assistance Programme (CDAP) is providing through the existing network of pharmacies over **1,200** medical items to meet the demands of almost **200,000** citizens, in particular our senior citizens. Cataract surgeries have been climbing as have been cancer screenings.

Our primary healthcare interventions and special health programmes are improving the health and well-being of our citizens. The *Children's Life Fund* has catered for **189** cases, including: **149** cardiac and **4** hepatic. The *Renal Dialysis Programme* is currently providing treatment to over **1,200** patients and the Adult Cardiac Programme to over **800** patients.

Madam Speaker, we will soon be providing state-of-the-art healthcare services through a network of modern facilities, including at the Arima and Point Fortin Hospitals, now fully commissioned, Sangre Grande Hospital, the Couva Hospital and Multi-Training Facility, the Port of Spain Central Hospital Central Block, the Linear Accelerator (LINAC) Facility at the St James Medical Complex and the Diego Martin Health Centre.

Madam Speaker, our health infrastructure has been meeting the demands of a growing society and remains consistent with global advances. This sector was able to facilitate in the shortest possible timeframe the roll-out of a parallel healthcare system for the treatment and care of COVID-19 patients and did not interrupt the delivery of normal state-of-the-art healthcare services to our citizens.

With adequate quarantine and step-down facilities, we have been able to accommodate the high incidence of infections in the second wave which commenced in late-July 2020.

Public Utilities

Madam Speaker, we are enhancing public management of our essential public utilities system. We are ensuring that our households, communities and businesses are adequately, cost-effectively and efficiently served and in particular, those of our citizens in unserved and underserved areas. A consistent and reliable electricity service, an adequate water supply and efficient sewage treatment are key enablers of comfortable living and lifestyles. We have put at the top of our agenda the delivery of a sustainable water supply to our citizens. Combatting the COVID-19 virus requires proper sanitation and health practices and our citizens deserve no less.

Madam Speaker, in respect of water supply and sanitation, the Water and Sewage Authority (WASA) is central to achieving the objectives of Government. A Cabinet Sub-Committee is now focusing its attention on the issues which are impeding WASA from meeting our needs. The Sub-Committee will review the operations of WASA, including its unsustainable debt position, its aging pipelines, its governance structure and the inadequate water distribution.

We envisage a Report by November 30, 2020 which would include recommendations with respect to levels of investments adequate to the needs of an efficient water supply and we will take such decisions, *including a tariff review* which are necessary for WASA to raise the water supply to our communities to adequate service levels. In parallel, the treatment of sewage will be modernized.

Madam Speaker, we consider the generation of electricity to the nation as more or less satisfactory, although with a substantial subsidy base. We have been bringing into the electricity grid unserved and underserved communities taking electricity to **99 percent** of the country with **494,022** customers has been a tremendous achievement. The average reliability of supply after an unscheduled interruption is being improved with increasing amounts of investments.

We are pursuing a wide range of programmes and projects to ensure that supply remain reliable and security enhanced. Our communities and roadways continue to be well-lit. Street lights are being installed on roadways, parks and recreational grounds.

The transmission and distribution system is being strengthened with particular emphasis on underserved communities.

Upgrade works are being completed on sub-stations and other infrastructure. We consider that the upcoming tariff review should result in increasing levels of tariffs for electricity supply as being essential for enhancing investment and for ensuring a reliable distribution and transmission system.

Safety and Security

Madam Speaker, the Government remains committed to the fight against crime and criminality. The approach has been to ensure a multi-agency approach to this fight. The National Security landscape has been significantly strengthened in the past year and the positive results are beginning to show.

The Government has implemented several initiatives that are bearing fruit and leading to a safer and more secure Trinidad and Tobago. A few of these measures were: -

- the operationalization of the National Operations Fusion Centre (NOFC) and the establishment of a National Intelligence Fusion Centre (NIFC), leading to a sharing of resources, intelligence, and more focused intelligence driven operations;
- facilitating closer working relationships amongst the arms and divisions of national security that has led to better results due to sharing of intelligence and resources;
- the use of greater technology in national security, especially within the Trinidad and Tobago Police Service (TTPS) - use of GPS tracking and real time cameras on Emergency Response Patrol vehicles, more efficient CCTV Command Centres in the TTPS, use of body cameras, use of drones, more involvement in E-999 system;
- the provision of more resources to the Financial Investigations Branch (FIB) to tackle money laundering and white-collar crime investigations;
- opening of new state-of-the-art police stations in Besson Street, St Joseph, Shirvan Road, Tobago and Roxborough Tobago;
- on-going construction of state-of-the-art police stations in Carenage and St Clair;

- improvement of border security - via, upgrades of coastal radar system, refurbishment of Trinidad and Tobago Coast Guard (TTCG) interceptors and use of multi-agency specialist teams to provide on-land border/ coastline operations;
- the acquisition of two Cape Class Naval vessels for longer offshore patrol operations with expected delivery in 2021;
- improved the security systems in Prisons - upgrade of alarms and CCTV systems;
- commenced the refurbishment of the remand prison;
- opening of brand-new Fire Stations in Penal and Roxborough, Tobago; and
- refurbishing of other fire stations in Trinidad and Tobago.

Madam Speaker, we are also setting up a specialized multi-agency border/ port interdiction unit to tackle the illegal importation of narcotics, illegal firearms, and other contraband items via legal ports in Trinidad and Tobago.

We will also provide more resources directed at the fight against white collar corruption. This will be facilitated by the hiring of more expert forensic investigators, auditors, lawyers, and others to pursue white collar corruption.

In addition, we will:

- improve the prison facilities and introduce new programmes to improve literacy, training, education of incarcerated individuals;
- provide more equipment and fire tenders to the Fire Service; and
- upgrade the Immigration Department's systems to allow more use of available technology thereby improving travel experiences and security via use of biometrics and other available technology.

Madam Speaker, we are completing on-going projects and we are embarking on others which have already been designed including: the construction of a new Police *Headquarters* to allow for better operational planning and management of daily policing activities; and the expansion of the Riverine and Coastal Patrol Unit to provide greater deployment at sea, to get better coverage on the coastline, to patrol the reefs and secluded beaches in Tobago as well as swamps and rivers in Trinidad.

We are at an advanced stage of consolidating our strategic operations with the soon-to-be commissioned Divisional Command Centres which will allow the Trinidad and Tobago Police Service to improve monitoring and co-ordination of events, exercises and patrols; to improve accountability of every patrol and action taken by officers, reduce response times and to collaborate in real time with the *Mobile Command Centres* and the *Emergency Response Patrol Unit* which are now being upgraded.

The Trinidad and Tobago Police service is currently establishing *Divisional Offices for the Special Victims Department* which comprises the Child Protection Unit, the recently formed Gender-Based Violence Unit and the Sexual Offences Unit. These are being refurbished and will provide office accommodation, interview and observations rooms and special purpose rooms, including *property rooms* which will house special swab kits for victims, seal kits, exhibit refrigerators, exhibits from ongoing cases and equipment as well as *victim recovery rooms* for the unavoidable wait periods during the initial stages of the investigation.

We are also establishing *Virtual Courts* which would eliminate the traditional court system and adjudicate cases online via video links to police custody suites, Magistrate's Court, and lawyer offices.

The *Trinidad and Tobago Police Service Medical Facility* will provide medical services to the officers of the Trinidad and Tobago Police Service on a **24-hour** basis while refurbished housing facilities will facilitate an additional intake of recruits on an annual basis with the view to bringing the Police Service up to full strength within **4** years.

The Minister of National Security will provide further details in his presentation, in particular with respect to the plans and programmes of the TTPS and the acquisition of modern equipment for the police in 2021.

Energy

Madam Speaker, our energy sector is now in major transition. The challenges posed by the global energy industry and the associated over-supply situation as well as our own declining rates of production in the gas and oil sectors require us to develop our remaining oil and gas resources in a cost-efficient manner.

In fact, we are seeing demand destruction also arising from the COVID-19 shutdowns on a scale not seen before. Investment decisions by major upstream players are being revisited and several petrochemical plants are being idled in the context of shortages of gas supply and constraining international demand and price conditions.

Madam Speaker, immediately upon our assumption of Office in 2015 and after an assessment of the viability of the gas and oil sectors, we began an energy reform process.

A major component of the re-structuring process was our decision to address the difficulties inherent in the domestic sector.

We re-structured the Petroleum Company of Trinidad and Tobago (PETROTRIN), a loss-making state enterprise with operational expenditure outstripping its revenues and with unsustainable debt obligations. We focused on exploration and production by creating a dedicated company into which we transferred and vested the exploration and production assets of PETROTRIN: *Heritage Petroleum Company Limited (Heritage)*. We established a terminalling business model by creating: *Paria Fuel Trading Company Limited (Paria)* which became responsible for importing and distributing all categories of fuel required for our domestic and sub-regional markets. We also established a refining company into which we placed the refinery assets: *Guaracara Refining Company Limited*.

These 3 companies became subsidiaries of the holdings company: *Trinidad Petroleum Holdings Company Limited* and we retained the legacy assets, including non-core under the control of PETROTRIN.

Madam Speaker, in order to ensure its continued success and survival under the current global conditions, Heritage took immediate and decisive action to ramp-up its exploration and production activities, including optimising its project portfolio with a focus on projects with a quick pay-back.

With a viable business model being appropriately managed and executed, Heritage raised its average production rate to **34,900** barrels per day during the period **October 2019 – September 2020**, up from **32,971** barrels per day during the period **October 2018 - September 2019**.

These subsidiaries are totally self-financing. By the end of its first year in operation, that is 2019, Heritage had become a profitable enterprise – posting a **\$1.4 billion** profit and contributing **\$820 million** in taxes, levies, rents, royalties and licenses.

This profitability has continued into the first **6** months of the financial year **2020** with the company having sufficient cash to meet its operating expenditure as well as its statutory and tax payments.

Madam Speaker, with Heritage Petroleum focusing on ramping-up oil production in a cost-effective manner, the Government is currently engaged in protracted discussions and negotiations with Patriotic Technologies with a view to satisfactorily concluding the conclusion of a sale and purchase agreement for the Point-a-Pierre Refinery in the interest of all concerned, in particular the public interest. However, the Government's deadline for the completion of this exercise is **October 31, 2020**, and if agreement cannot be reached on a viable or practical contractual agreement by that time, after giving Patriotic all possible opportunities to finalise the terms of the agreement, the process will be brought to an end, and the Government will consider other options for the sale of the Refinery.

In parallel with our focus on the domestic sector, we tackled on the external front two serious problems in the oil and gas sector – declining gas production and the absence of long-term gas supply contracts. There were two subsidiary issues: gas pricing for medium- to long-term viability for both upstream and downstream industries as well as a greater share for our citizens of the income earned in the extraction of our natural gas.

Indeed, following the historic and unique "Spotlight on Energy" the country's energy business and challenges have been aggressively and transparently addressed by the Government.

Madam Speaker, at this stage I wish to commend the astute leadership of our Prime Minister, Dr. the Honourable Keith Rowley, whose skilful and purposeful dialogue with international oil majors has resulted in mutually acceptable solutions for these issues.

It is in this scenario that after years of circular discussions of the issues we are now able to report that planning and execution of production from the **Manatee Field**, separate and apart from the **Loran Field**, as decoupled elements of the cross-border **Loran-Manatee Field**, are actively underway.

We now have in place a gas pricing regime which establishes long-term viability for our up-streamers and down-streamers and importantly, gas production has been stabilized and we have in place an agreed share for our citizens of **12.5 percent** as a royalty rate on the income earned in the extraction of our natural gas.

Despite the intense competition for capital worldwide, up-streamers have kept faith with our country. Foreign direct investments of just over **US\$2.2 billion** is being projected for the upstream sector during calendar 2020 and an additional amount of **US\$2 billion** during 2021.

Madam Speaker, on **September 9, 2020** and because of continuing negotiations of gas-related issues, bpTT received a **ten-year** extension on **92** of its exploration and production licenses in the Columbus Basin. As a result, the State will reap a financial benefit of **US\$250 million** over the four-year period 2021-2024.

Madam Speaker, these discussions have been taking place for some time. We completed phase I of the discussions in **December 2018**. bpTT received a ten-year extension of its southeast Galeota license as well as **91** Teak, Samaan, Poui and East Mayaro licenses. In return, the State received a sum of **\$1 billion** for settlement of legacy issues. These renewals of exploration and production licenses, as well as the cash payments to Government, have been mutually beneficial and have placed the energy sector on a more solid and sustainable footing.

Further, significant investments are also being made further down the energy value chain and on major renewable energy and energy efficiency initiatives.

Madam Speaker, we will continue to be an attractive location for investment in the oil sector for years to come.

The latest *Crude Oil Audit* prepared by Netherland, Sewell and Associates for the year ended 2018 indicated proved crude oil reserves at **220.1 million** barrels, **10.3 percent** more than the **199.5 million** barrels in 2012. Probable reserves rose to **99.7 million** barrels, **16.6 percent** higher than **85.5 million** barrels in 2012. We are witnessing the result of onshore undeveloped opportunities.

I am advised by the Minister of Energy that when production from the oil majors is added to that of Heritage Petroleum, the monthly rate of crude oil and condensate production has been rising steadily and is estimated to reach approximately **60,000** barrels per day in 2020, rising to **80,000** barrels per day in 2022.

Looking forward BHP has announced a **3.5 trillion** cubic feet gas find in its deep-water fields and I am advised that BHP could begin producing up to **1.5 billion** cubic feet of natural gas per day by **2026**. As a measure of confidence, BHP has strengthened its drilling programme with the commencement of the deep-water Broadside Exploration Well – the deepest well ever drilled in the country.

Furthermore, the expansion of the exploration programme of BHP could receive final investment decisions between **2022** and **2024**, consolidating the company as an important partner in the energy sector.

Madam Speaker, our natural gas reserves have remained relatively stable according to the 2018 Ryder Scott Natural Gas Reserves Audit. With lower demand from the petrochemical and gas refining sector, I am advised by the Minister of Energy that natural gas output is expected to average **3.2 billion** standard cubic feet per day in fiscal 2020 and to remain more or less at this level in 2021. However, I am also advised that the capacity exists to produce as much as **3.5 billion** standard cubic feet, thereby providing the conditions for the restarting of those petrochemical plants once commodity prices improve.

We are keenly focused on improving the investment climate in the energy sector through a review of the Petroleum Taxes Act with a view to simplifying the existing oil and gas fiscal regime and making it more competitive to investors. We are also reviewing the application of the Supplemental Petroleum Tax (SPT), particularly for small producers and mature fields with a view to encouraging investment and job creation; the threshold for the imposition of the SPT for small onshore oil producers will be increased to **\$75** per barrel for fiscal years 2021 and 2022 in the first instance, and will be reviewed for continuation at this threshold level at the end this 2-year period.

In addition, we will negotiate with the major oil and gas companies an even greater share of energy revenues and complete the assessment of the gas value chain to ensure its viability in the short and medium-term. All major upstream players will be encouraged to share infrastructure and services.

Madam Speaker, we will avoid becoming a marginal producer of ammonia, methanol and urea by strengthening our cost competitiveness in downstream petrochemical production.

We welcomed the first shipment of **13,000** metric tonnes of methanol by Caribbean Gas Chemical Limited in **September 2020**.

This company partly owned by the National Gas Company is likely to increase our export of methanol which has been hard-hit by the closure of plants at the Point Lisas Industrial Estate.

Our strategy will involve exploring active opportunities in the regional energy market, including small scale energy; and seeking opportunities for access to and sharing of common gas transportation and processing infrastructure which might be underutilized.

We have been building an energy services sector as a key source of diversification and sustainable growth. We have estimated that this sector has been employing approximately **40,000** individuals in **720** firms and although our resources are being depleted we will develop Trinidad and Tobago as a regional hub for energy services, in particular in view of the emerging and ready markets in Guyana and Suriname. The EXIMBANK will be restructured to provide project financing for Caribbean energy sector projects by Trinidad and Tobago companies.

Energy services as a key enabler in diversification will be driven by a public-private-partnership vehicle with tax incentives to support and improve the exports of energy services.

Madam Speaker, we are also implementing renewable energy electric power in accordance with our commitments under the Paris Accord. We have secured through a competitive procurement process **two** bidders who will deliver **112** megawatts of power to the electric grid; upon completion the project would be the largest solar project in the Caribbean and the tariff now being negotiated would be extremely competitive relative to existing tariffs.

In addition, we will pursue development opportunities by introducing *green petrochemicals* through the substitution of hydrogen from the natural gas reform process and also utilize steam which is currently wasted from an existing power station to run a new turbine to produce electricity. The Minister of Energy and Energy Industries will say more about all these projects, plans and programmes during his contribution to the Budget debate.

TOBAGO

Madam Speaker, I now turn my attention to Tobago. The budgetary proposals of the Tobago House of Assembly were submitted to the Ministry of Finance consistent with the provisions of Act 40 of 1996. Tobago has special challenges and we continue to work with the Tobago House of Assembly to mitigate the decline in economic activity in Tobago, and to restore its economy to a trajectory for continued growth and resilience.

Madam Speaker, the tourism-dependent Tobago economy has been particularly hard hit by the COVID-19 pandemic. Over the last several months this Administration has been working in concert with the Tobago House of Assembly on a series of broad-based measures to bring relief to the people and the business community of Tobago, including the Tourism Accommodation Relief Grant; Relief Business Grant; Business Relief Loan; Relief Grant to Tourism Industry Ancillary Services; a **4** year Soft Loan Facility with a **2** year moratorium through First Citizens and Republic Bank for Micro, Small and Medium Businesses; and, the Liquidity Support Loan Programme for the Credit Union Movement.

In the next fiscal year, building on many initiatives which are already in place, we will continue to work assiduously with the Tobago House of Assembly to institute an enhanced suite of economic and social measures to reduce the impact of the pandemic, as we provide additional relief for all Tobagonians and citizens resident in Tobago.

The allocations to the Tobago House of Assembly place increased focus on enhancing their tourism product, the greater use of digital technologies and social media in marketing, attracting new investment in the tourism sector, enhancing service delivery and on financial support to facilitate upgrades to properties in the tourism sector and to boost their online presence. The construction of the new A.N.R Robinson International Airport Terminal is scheduled to commence in January 2021. Additionally, the inter-island sea bridge will benefit from expanded capacity with the arrival of the **2** new fast ferries, The Buccoo Reef and The APT James, in the near future.

Indeed, to demonstrate our commitment to Tobago, I am pleased to announce that we are scheduled to take possession of the APT James, a brand-new purpose-built state-of-the-art modern fast ferry constructed by Austal, in Australia, before the end of this month. If all goes according to plan, the new ferry is expected to arrive and go into service on the Seabridge by the end of December 2020.

This magnificent new ferry will have the capacity to transport 926 passengers and 250 cars in comfort at a service speed of 37.5 knots.

Its sister ship, the Buccoo Reef, another modern fast ferry now under construction by Incat in Australia, will put the icing on the cake when it arrives here shortly after the APT James and will transform the vacation experience in Tobago and inter-island transport.

Special incentives will be provided to stimulate innovation among SMEs and to facilitate increased entrepreneurial activity on the island, especially among our young adults.

To enhance the food security in Tobago, the allocations to the Assembly in the next fiscal year provide for special incentives for their farmers: the development of the agro-processing sector through the formation of the Tobago Agribusiness Development Company; the expansion of the Agricultural Access Road Programme and the provision of financial assistance to small and medium enterprises in the agricultural sector; and the infusion of technology, modern farming techniques and research in agriculture.

Madam Speaker, allocations to the Assembly in this year's budget will support accelerated housing development in Tobago through the development of new housing estates as well as provisions for upgrades to the existing housing stock through support for a range of home improvements grants and subsidies.

Madam Speaker, as it relates to the health sector, allocations to the Assembly cater for the completion and operationalization of the Moriah Health Centre and the Roxborough Hospital.

The Budget provides for the enhancement of the ICT capability throughout the health system, including the development of an Integrated Hospital Information System which will include an Electronic Medical Record System.

Allocations to the Assembly provide for improving the digital infrastructure to allow better leverage in the use of ICT in its development through support for its Intelligent Island Initiative.

Madam Speaker, for fiscal 2021, the budgetary allocation to the Tobago House of Assembly is **\$2.134 billion**. Disaggregated, **\$1.916 billion** is allocated for recurrent expenditure, **\$200 million** for capital expenditure and **\$18 million** for the Unemployment Relief Programme (URP). This allocation is **4.3 percent** of the national budget consistent with the recommendations of the Dispute Resolution Commission (DRC).

Madam Speaker, in addition to the direct allocation to the Tobago House of Assembly, another **\$754.5 million** is allocated for expenditure in Tobago by various government ministries and statutory authorities in keeping with their legal obligations under the Sixth Schedule of the THA Act 40 of 1996. These projects will be geared primarily towards enhancing Tobago's security and safety as well as water supply and distribution. Moreover, the THA will have access to additional financial resources for development projects in Tobago through the recently Cabinet approved bond facility as well as support for the Assembly's Alternative Financing Mechanism that will enable the Assembly to mobilize additional financial and technical resources to accelerate the pace of development thereby increasing Tobago's contribution to national economic activity.

It is also clear that Tobago businesses rely to a large extent on local and foreign tourism and tourism-related activities and that they are struggling in the wake of border closures, suspension of air travel, restrictions on public gatherings and the hospitality sector, closure of beaches and the like.

In this regard, discussions will continue between the Chief Secretary and myself as what additional incentives, concessions, grants, and financial support we can provide for Tobago businesses, including a special Government guaranteed financial support window within the commercial banks.

Madam Speaker, before I end my discourse on Tobago, I wish to give the people of Tobago an update and the assurance from this Administration that the Self-Government Bill which was before a Joint Select Committee prior to the dissolution of Parliament in July, will be accorded the highest priority in this new legislative term.

It is our sincere hope that we would get the necessary bipartisan support of the opposition as we seek passage of this critical piece of legislation for Tobago and Trinidad and Tobago in order to deepen the democratic process and to provide greater autonomy to the people of Tobago.

Medium-Term Framework

Madam Speaker, economic forecasting is a very difficult exercise at a time like this. As I stated before, much has changed since the emergence of the virus in our country in **March 2020** with the associated containment and restrictive measures in the following months. We have witnessed the collapse of aggregate demand and shocks to our supply chain, both locally and internationally.

Looking forward there is a high degree of uncertainty about our economic recovery and our medium-term outlook.

I am in no doubt that the full success of the programmes and policies which I have just laid out would depend on our containment of the virus; and more so on a medical breakthrough with the availability of affordable, safe and effective vaccines; but we are assured that with firm and decisive management focused on the main elements of our economic programme, we will emerge in much better shape in 2021-2022.

However, like most other Governments in the world, we have no doubt whatsoever that exceptional Government support and fiscal stimulus packages will be required over the next two years to induce economic demand.

In addition, businesses will need encouragement to increase remote working capabilities for their employees and as a Government, we will need to find ways to assist the unemployed to find jobs in companies with viable business models and to incentivise companies to create new jobs. Small and medium enterprises in particular will require continued support through guaranteed loan facilities.

- **Diversification**

Madam Speaker, from the plans I outlined earlier it is quite evident that the diversification of the economy is our highest priority. The focus in the medium-term will be on those industries earmarked to achieve that objective.

We will put in place fiscal incentives while continuing to remove impediments to the ease of doing business in important dimensions of the regulatory environment as it applies to local firms. We are targeting an improvement in our position of **105** in the *2020 World Bank Report on Doing Business*. We are making every effort at improving the existing measurable benchmarks many of which are ***totally unacceptable***, such as:

- **10** days for starting a business,
- **254** days for receiving construction permits; and
- **61** days for obtaining an electricity connection;
- **77** days for registering a property;
- **65** days to obtain credit;
- **3 ½** years to enforce contracts; and
- **2 ½** years to resolve insolvencies.

With the reform of these regulatory processes, we are ensuring that Trinidad and Tobago becomes a competitive hub for trade and investment - an attractive location for businesses to take root and to flourish.

For immediate action and with diversification and productivity improvements at the forefront, we are targeting in collaboration with the domestic and international private sector: manufacturing, in particular for exports; energy services for export; aluminium, steel and chemicals; construction; housing; environmentally-friendly and green technology; recycling; technology, in particular software, mobile applications, electronic transactions and cyber security; creative and cultural industries, in particular, music, film, art and theatre; agriculture, financial and other services; ship building and ship repair; tourism, including medical, sports and leisure events; and food and beverages.

- **Public-Private-Partnerships**

Madam Speaker, while we recognize the importance of investment in these activities for facilitating growth and development, we are in no doubt that our public resources and fiscal space are now extremely limited. Over the medium-term, our revenue streams from our oil and gas production will continue to be constrained; but we are overcoming the constraints posed by dwindling oil and gas revenues.

We are closing the funding gap. We are now encouraging the private sector to become an additional source of funding as partners in this new pipeline of growth-enhancing activities.

These public-private-partnerships will relieve the funding constraints in our economic programme. This mechanism will bring private sector technology, greater efficiency and innovation into the provision of better public services

In particular Madam Speaker, the private sector has become increasingly and successfully involved in the operations of cargo-handling operations at port facilities worldwide. Public port agencies have been moving away from the service port model under which national port authorities provide all commercial services as well as regulatory functions; but increasingly have been utilizing the landlord model. The Government has decided to adopt this approach with the Port Authority retaining its regulatory and asset management functions, but with managerial, operational and financial responsibility for commercial activities such as terminals and equipment in the port area under a new investor.

The Ministry of Works of Transport will therefore be mandated to take immediate steps to rationalize **by the end of fiscal 2021**, the operations of the Port Authority of Trinidad and Tobago and to ***introduce a private sector operator*** into the Port handling operations now carried out by the *Port of Port of Spain*, leaving the ferry service to the *Trinidad and Tobago Inter-Island Company Limited* and the lands for the *Port of Spain Infrastructure Company*. We will also take steps to ensure that the operations at *Point Lisas Industrial Port Development Corporation* are consistent with the operations of the port handling operations of the Port of Port of Spain.

- **Reform of the Liquid Petroleum Products Sector**

Madam Speaker, since 1974, the liquid petroleum products market has been subject to public economic policy. As a small oil and gas producing country, the view was held that our citizens should always benefit from the wealth of the country.

This policy was concretized in the mid-1970s when the price of oil began to escalate in the international markets with a large degree of volatility. Price stability within the principle of affordability became a public economic objective with prices of petroleum products being fixed by the Ministry of Energy and Energy Industries with the subsidy where appropriate being provided by the oil exploration and production companies under the *Petroleum Production Levy and Subsidy Act* and any amount in excess of the subsidy being provided by the State. Under this framework, regulated pump prices were generally established below the levels of prevailing prices.

Madam Speaker, the stated objective of the policy was clear: consumers, in particular low-income groups would be protected from volatile and high prices with consistent access to affordable prices through the subsidy mechanism. Illustratively, since 2006 the subsidy has been provided at great fiscal costs and in the fiscal period 2006 to 2020, the subsidy payments made by GORTT has been in the vicinity of **\$25 billion**.

Madam Speaker, we have analysed the subsidy impact on the national community and we have formed the judgement that not only did the subsidies disproportionately benefit the higher-income groups; but their usage was inefficient from an economy-wide perspective. In recent times however, in fact since September 2014, energy prices have declined and are now stabilizing at significantly lower levels with the upshot that subsidy payments would be considerably reduced.

Madam Speaker, at current international oil prices, subsidies do not arise in the sale of premium gasoline or super gasoline; but they continue to prevail in the sale of diesel, kerosene and LPG.

We are of the view that in the context of the projected international oil prices, the fuel market should be liberalized.

Under this arrangement, which is targeted for introduction in January 2021, the fixed retail margins for all liquid petroleum products will be removed; Petroleum retailers and dealers will now be allowed to fix their own margins.

Wholesale margins will remain fixed for the time being and an appropriate but reasonable tax introduced to compensate for the current fuel surplus that is generated on the sale of gasoline, because of depressed oil prices.

The net result should be little or no increase in the price of motor fuels at current oil prices. However, it must be noted that if the price of oil recovers, the price of gasoline and diesel will naturally increase proportionately.

Madam Speaker, the new trading arrangements between the importer of fuel petroleum products and the wholesalers would result in price adjustments for such products up or down based on changes in *United States Gulf Coast* product prices obtained from the *Platts Oilgram Price Report* which is reflective of international market product prices. For transparency purposes, the Ministry of Energy and Energy Industries will post the changes in the refinery prices of premium gasoline, super gasoline, diesel and kerosene on the first day of each month, **except for the production price of liquid petroleum gas (LPG) which will remain under the subsidy mechanism.**

Madam Speaker, this new deregulated market will bring to an end **46** years of fuel subsidies and the high social expenditure of **\$25 billion** in the last **15** years; but at current international prices, the liberalized framework will lay the foundation for consumer acceptance in the future.

Madam Speaker, the liberalization of the liquid petroleum fuel market, especially at this time of envisaged stable and low prices for petroleum products will set the stage for enhancing strategic investments to keep the industry efficient and competitive. We are now ensuring that the new pricing model will put the retailers on a self-sustaining and profit-oriented basis.

All gas stations owned by National Petroleum Marketing Co. will also now be offered for sale to the private sector with first preference given to existing dealers and concessionaires.

Estimates of Revenue and Expenditure 2020-2021

Madam Speaker, our estimates of revenue are influenced by significant technical difficulties brought about by the spread of COVID-19 which has disrupted global commodity markets, including the gas and oil industry which is now showing a decline in energy demand without parallel. In an industry used to the highs and lows of commodity price cycles, the year **2021** poses great challenges for predicting gas and oil prices. We recognize that oil and gas markets are currently affected by a variety of risks and opportunities and by uncertainty and unforeseeable trends. In establishing oil and gas prices for **2021**, we have reviewed the prices over the last decade and we have seen their optimism and limitless investments during the years of **US\$100** a barrel during the period **2011-2014** as well as the lows of prices during the period mid-**2014** to **2020** which at one point in **2020** went into negative territory. We do not envisage any one of these extremes to return. We have evaluated the prices being projected by the International Energy Agency, the International Monetary Fund and the World Bank and we have decided that our oil assumption for our Budget 2021 is **US\$45.00** a barrel. We have done a similar exercise for gas prices and our fiscal 2021 Budget utilizes a gas price of **US\$3.00** per MMBtu.

Madam Speaker, the allocation of resources for fiscal 2021 reflects our objective to consolidate and to reset the economy for growth and innovation.

For fiscal 2021 and on the oil and gas price assumptions of **US\$45.00** per barrel and **US\$3.00** per MMBtu:

- Total Revenue has been budgeted at **\$41.364 billion**, up from **\$34.059 billion** or **\$7.304 billion** from the estimated revised outturn in 2020;
- Total Expenditure for fiscal 2021 has been budgeted at **\$49.573 billion**— a decrease of **\$1.258 billion** over the fiscal 2020 outturn of **\$50.832 billion**; but significantly lower than the peak expenditure of **\$61.939 billion** achieved in 2014. This is a substantial reduction in expenditure from that peak level and is approximately **\$12.4 billion** or **20 percent** less than the unsustainable **2014** expenditure undertaken by a previous UNC Administration; and

- The fiscal deficit for 2021 is expected to decrease to **\$8.209 billion** or **5.6 percent** of Gross Domestic Product compared with a fiscal deficit of **\$16.772 billion** or **11 percent** of GDP in fiscal 2020 which reflected the expansion from the projected deficit of **\$5.287 billion** as a result of the COVID-19 exceptional expenditures.

Madam Speaker based on these assumptions we are projecting:

	2021
Total revenue	\$41.364 billion
Oil revenue	\$ 9.265 billion
Non-oil revenue	\$31.193 billion
Capital revenue	\$ 0.905 billion
Total expenditure (net of capital	
Repayments and sinking fund contribution)	\$49.573 billion
Fiscal Deficit	\$ 8.209 billion

Madam Speaker, despite our fiscal constraints we are increasing our expenditure for 2021 moderately with a view to ensuring that the emerging growth momentum remain with associated and beneficial social and economic impacts on all aspects of our society. Of significance is that we have maintained the level of expenditure of **\$4.110 billion** on our capital programmes.

Madam Speaker, the major Fiscal 2020 allocations will be:

- | | |
|--|-----------------|
| • Education and Training | \$7.973 billion |
| • Health | \$6.050 billion |
| • National Security | \$5.227 billion |
| • Works and Transport | \$2.956 billion |
| • Public Utilities | \$2.091 billion |
| • Rural Development and Local Government | \$1.642 billion |
| • Agriculture | \$1.198 billion |
| • Housing | \$1.000 billion |

Madam Speaker, in 2021 we will secure a range of financing options for the fiscal deficit. We will tap into the domestic and international capital markets as well as accessing facilities at the international institutions. Non-debt creating financing facilities are also being secured from our utilization of public-private-partnerships and strategic asset sales.

Fiscal and other measures

Madam Speaker let me now turn to the fiscal and other measures which I propose for FY2021.

1. Technological Transformation and Innovation

Madam Speaker, the participation of young people in the technological transformation and innovation processes will be facilitated by improving and accelerating access to equipment, training and funding. To achieve this objective:

- As part of our push for full Digitalization of our economy and Government services, all taxes on Mobile and Digital Equipment, Mobile Phones, Software, Computer Accessories and Peripherals will be removed.
- A tax allowance will be provided to businesses which invest in tech starts-up and new tech business. The allowance is set at **150 percent** with a cap of **\$3 million**.
- A tax allowance will be provided to businesses which engage in technology solutions and digitalization. The allowance is set at **150 percent** with a cap of **\$3 million**.
- A tax allowance will be provided to businesses which create employment in the technology industry particularly young people. The allowance is set at **150 percent** with a cap of **\$3 million**.

These measures will all take effect from **January 1, 2021**.

2. Internet MiFi for Students

Madam Speaker, MiFi is a mobile device which uses the 3G/ 4G mobile phone networks to create a mini wireless hotspot and this can be shared among mobile internet-enabled devices — such as smartphones, laptops and tablets — which are within range of its signal. This facility is for students who do not have internet access in their homes or surrounding areas. We are providing these devices to 45,000 students, based on need, to provide them with connectivity which they do not now have. This programme will come into effect in the first quarter of **calendar 2021**.

3. Existing Wi-Fi Hotspots and Internet Cafes

Madam Speaker, we are supporting the Broad Digital Strategy by expanding existing Wi-Fi hotspots and establishing internet cafes in all areas of the country and will specifically target students in all remote areas. This measure will come into effect in fiscal **2021**.

4. Tax Waiver on Imported Construction Material for Approved Building Projects

Madam Speaker, for approved housing, commercial and industrial development projects, which start on or before **December 31, 2022**, we are removing value added tax on the importation of building materials to be used exclusively in connection with the projects, except for certain items such as road paving and aggregate material. This measure will be similar in administration to the tax concessions granted to developers for approved tourism projects and will take effect from **January 1, 2021**.

5. Waiver of Stamp Duty for First-Time Homeowners

Madam Speaker, to encourage the private sector to invest in residential housing development we are amending the stamp duty threshold for residential properties from **\$1.5 million** to **\$2 million** for first time homeowners. This measure will save first time homeowners up to **\$28,000** in stamp duty and will benefit up to **1,000 families** per year. This measure will take effect on **January 1, 2021**.

6. Property Development Allowance

Madam Speaker, we are supporting the construction sector and in particular property development. We propose to amend the Corporation Tax Act, to allow approved property development companies to claim as a deduction **20 percent** from the present **15 percent** of the capital expenditure incurred in the construction of commercial, industrial or multi-family residential buildings which are completed on or before **December 31, 2024**.

7. Tourism Accommodation Upgrade Project

Madam Speaker, we are expanding and extending the Tourism Accommodation Upgrade Project (TAUP) incentive. The extension will start on **October 1, 2020** and expire on **September 30, 2023**. This facility is a tourism incentive which provides a reimbursable grant to eligible tourism accommodation facilities.

8. Wear and Tear for Plant and Equipment

Madam Speaker, we propose to increase from **25 percent** to **30 percent** the *Allowable rate of Wear and Tear* for Plant and Equipment. This measure will take effect on **January 1, 2021**.

9. Illegal Quarrying

Madam Speaker, we are putting in place mechanisms to deter illegal quarrying. Effective **January 1, 2021**, we will increase all penalties, fines and custodial sentences for illegal quarrying on private lands as provided for in *the Minerals Act* **by 200 percent**.

Effective January 1, 2021, we will also increase the penalties, fines and custodial sentences for illegal quarrying of asphalt or other materials on state lands as provided for under the State Lands Act **by 200 percent**.

Further, any company that knowingly trades in illegally sourced quarry material will be disqualified from participating in Government construction projects.

10. Praedial Larceny

Madam Speaker, we are protecting the agricultural produce from our farmers by increasing the Praedial Larceny Fines and Custodial Sentences ***by 200 percent***. This measure will take effect on **January 1, 2021**.

11. Supplemental Petroleum Tax for Small Onshore Oil Producers

Madam Speaker, we will embark on a dynamic exploration and drilling campaign in the onshore oil sector for the creation of jobs for boosting economic activity and for increasing oil production. We propose to increase the threshold for the imposition of the Supplementary Petroleum Tax (SPT) for small onshore oil producers to **\$75** per barrel, up from **\$50** per barrel, for fiscal 2021 and fiscal 2022, in the first instance, subject to a review in 2022. This measure will take effect from **January 1, 2021**.

12. Motor Vehicles: Used and New

Madam Speaker, we are rationalizing the new and used markets for the importation of new and used vehicles. At close to one million vehicles, there are simply far too many cars on the road in Trinidad and Tobago today. As a country, we spend **\$2.5 billion per year** or **US\$400 million per year** importing an average of **25,000** motor vehicles per year, at least two-thirds of which relates to private motor cars.

This has created a serious leakage of foreign exchange.

To correct this unsustainable situation, and suppress demand, as opposed to an outright prohibition, ***we propose to remove all tax concessions on the importation of private motor cars.*** All private motor cars will now attract customs duty, motor vehicle tax and Value Added Tax, with the lowest rates of duty and tax being imposed on hybrid cars, electric cars, CNG cars, and small engine cars below 1,500cc, to encourage their use.

Tax concessions will remain in place for commercial and industrial vehicles and public transport vehicles. These measures will take effect on **October 20, 2020.**

Further, in January 2021, the permissible age of imported foreign used cars will be reduced to **three (3) years** and the quotas for the importation of used cars reduced by **30 percent**. A quota system will also be introduced for the importation of new cars in January 2021.

13. Cigarette Usage

Madam Speaker, we are of the view that there is need to curb the consumption of Tobacco. Worldwide, tobacco use is the single largest cause of preventable death, killing around **6 million** people every year. Tobacco use accounts for one in **10** adult deaths worldwide and Tobacco kills up to half of all users. It is a risk factor for six of the eight leading causes of deaths in the world. Unchecked, tobacco-related deaths will increase to more than eight million a year by 2030, and **80 percent** of those deaths will occur in the developing world.

This harmful use brings significant social and economic losses to individuals and society at large. We are currently spending **\$500,000** per year to treat just one lung cancer patient. For too long, we have had to deal with the negative consequences associated with the high consumption of these products.

Madam Speaker, we are introducing several disincentives to constrain the smoking habit. Accordingly:

- we will increase excise duty by **20 percent** on locally manufactured tobacco products;
- we will increase customs duty by **20 percent** on imported tobacco from the Common Market Origin; and
- we will adjust the customs duty payable on tobacco products imported into Trinidad and Tobago from extra-regional sources to have it receive equal treatment to that of the common market.

These measures will take effect from **October 20, 2020**.

14. Statutory Penalties

Madam Speaker, we propose to increase by **200 percent** all penalties for selling alcohol and tobacco to minors as well as all other penalties under the Liquor Licenses Act, and the Tobacco Control Act. These measures will take effect from **January 1, 2021**.

15. VAT Base

Madam Speaker, we are restoring the VAT base to its original conceptualization. It will now be broadened to include luxury imported foods. The full VAT of 12.5 percent will now be applied to a wide range of imported luxury food items, such as lobster, escargot, smoked salmon, pâté, clams, strawberries, champagne, apples and grapes. The full list will be published in due course and will take effect on **January 1, 2021**.

16. Workforce Recovery Programme

Madam Speaker, the Youth Training and Employment Partnership Programme (YTEPP) Limited has partnered with the Commonwealth of Learning (COL) for the COL-Coursera Workforce Recovery Programme, launched by COL and Coursera to address the employment crisis in Commonwealth nations. The programme enables unemployed citizens of Commonwealth Member States, young people and all those who are at the verge of losing their employment to have free and unlimited access to over **4,000** courses and **400** specializations on Coursera as a means to develop skills which are required for re-entering the labour market. This intervention, being an immediate response to the COVID-19 crisis, will commence in January 2021 and will conclude in **September 2021**.

YTEPP is administering this programme through its Retraining Programme which targets unemployed, underemployed, retrenched, or displaced workers. Advertisements were placed in the daily newspapers as well as on YTEPP's Social Media platforms.

Applications were also invited through various interest groups which target vulnerable or marginalized individuals, as well as graduates of our programmes who are unemployed. YTEPP is being allocated **\$6.75 million** to fund stipends for a **500**-person enrolment over the course of the programme.

17. Public Sector: Vacant Posts

Madam Speaker, effective **October 6, 2020**, we are freezing the filling of all vacant posts in the public sector for a period of one year.

18. Small- and Medium-Enterprises Stock Market

Madam Speaker, we are promoting access by small- and medium-enterprises to equity funding. We are providing a market for such enterprises on the Trinidad and Tobago Stock Exchange and we are doing so by amending *Section 2 of the Corporation Tax Act 75:02* to allow for the following:

- *an increase in the Incentive period from **five (5) years** to **ten (10) years**;*

- *a full tax holiday for the first **five (5)** years following listing on the TTSE; and*
- *a **50 percent** tax holiday for the second **five (5)** years following listing on the TTSE.*

Madam Speaker, by the time the tax breaks expire, firms will have grown into larger entities thereby contributing more to government revenues than they would have, had they not received the financing they needed at an earlier stage in their lifecycle. This measure will take effect on **January 1, 2021**.

19. Creative and Sporting Activities

Madam Speaker, I propose to increase to **\$12 million** the current tax allowance of **\$6.0 million** for corporate sponsorship of nationals in the local fashion industry, audio, visual or video productions for the purpose of local education or entertainment and local production companies in respect of their own productions as well as for companies which sponsor sporting activities or events or sportsmen or art and culture. This measure will take effect from **January 1, 2021**.

20. Personal Income Tax Allowance

Madam Speaker, as a huge fiscal stimulus to the economy and a fillip to the retail sector we are providing relief to working families by increasing the personal income tax exemption limit from **\$72,000** to **\$84,000** per year. ***All individuals earning \$7,000 a month or less will now be exempt from income tax. This will put additional income of \$3,000 per year into the pockets of over 250,000 individual taxpayers.*** This bold measure will cost the Government **\$750 million** per year in individual income tax revenue but we firmly believe that in this difficult COVID-19 period it will stimulate the demand side of the economy, by stimulating economic activity, consumption, sales and growth by putting more money in the hands of consumers. We believe that through the multiplier effect the net effect on our GDP will be much more than **\$750 million**.

This measure will take effect on **January 1, 2021**.

Achievements

Madam Speaker, our programmes and policies have covered the width and length of Trinidad and Tobago and have been benefitting all our citizens, in particular the elderly, the vulnerable, persons with disabilities and the indigent.

In the North-West of Trinidad:

- the reconstruction of the *Port of Spain General Hospital Central Block* with **540** beds will service an estimated population of more than **400,000** persons, providing upon commissioning in **January 2022** access to quality healthcare.
- *the LINAC Facility* at the St. James Medical Complex is enhancing cancer care and treatment with the opening of the new state-of-the-art *Linear Accelerator (LINAC) Wing*.
- the new *Diego Martin Health Centre* in Diamond Vale will be at the front line in the provision of healthcare services to the citizens of Diego Martin;

- the *Diego Martin Pedestrian Overpass*, the *Water Taxi Pedestrian Overpass on Wrightson Road* and the *Sea Lots Pedestrian Overpass* have created safer road crossings in the relevant areas;
- our *Heritage Buildings*, such as this *Red House* and the *Magnificent Seven* have undergone extensive rehabilitation works, restoring in the process their unique designs and enhancing our national pride;
- the Brian Lara Recreation Ground was opened in **August 2020** and will contribute significantly to the continued development of our footballers and cricketers residing in the Santa Cruz Valley and the surrounding areas;
- the world-class Diego Martin Sporting Complex is now providing facilities for footballers and cricketers;
- *the Maracas and Las Cuevas* beaches have been modernized with carparks, washrooms and state-of-the-art vending booths;
- *the Water Wheel* at River Estate and the *Blue Basin Waterfall* at Diego Martin as well as the *Caroni Bird Sanctuary* in the Caroni Wetlands are being upgraded into Eco Adventure and Urban Sites; and

- **275** housing units have been allocated to families in Almond Court, Clifton Towers, Las Alturas, Malick Barataria, Ramdial Mahabir Court, Chaconia Crescent and Vieux Fort.

In the North East of Trinidad:

- the new *Arima Hospital* with **150** beds has been recently commissioned and is now providing **250,000** persons in the surrounding communities with quality healthcare;
- the new *Sangre Grande Hospital* with **100** beds will be commissioned in **November 2021** and will serve **110,000** persons in the surrounding communities;
- the *Valencia - Toco Highway* has been planned and designed to international freeway standards to allow for faster and safer vehicular travel;
- the *Churchill Roosevelt Highway to Manzanilla* now in its first phase of execution will, when complete, add **36km** of international standard four-lane freeway to the national network of highways;
- the *Valsayn Pedestrian Overpass* has made that busy area a safe place for road crossing;

- the *Curepe Interchange* was successfully commissioned on **June 8, 2020** making travel through this heavily used intersection along the Churchill Roosevelt Highway much more safe, efficient and effective. The driving public can look forward in due course to the construction of similar interchanges from *the University of the West Indies, St. Augustine- Churchill Roosevelt Highway intersection* all the way up to the *Piarco- Churchill Roosevelt Highway intersection*. The procurement process has already been initiated for these projects;
- the *Ferry Port in Toco* together with the upgrade of the Valencia - Toco roadway will significantly improve connectivity between Trinidad and Tobago upon being fully commissioned; and
- **1,700** housing units have been allocated throughout the north-east, including at Mahogany Court, Malabar, Pioneer Crescent, Real Spring Park Valsayn and Trestrail Lands.

In the South West of Trinidad:

- the *Point Fortin Hospital* with **100** beds was commissioned in **January 2020** and the Facility is now servicing approximately **75,000** persons in the surrounding communities;

- the *Solomon Hochoy Highway Extension to Point Fortin* boasts a four-lane divided roadway which meets international freeway standards. The **29km** priority segment of the highway, now under construction, will connect San Fernando with Point Fortin *in just under 17 minutes*;
- the *San Fernando Waterfront Redevelopment Project* has started with the principal aim to create opportunities for business owners through a number of development initiatives such as the Plaza San Carlos Historic District, the Transit Hub, King's Wharf, the Yacht Club and the Coastal Boulevard;
- the new *Dry Dock and Ship Building/Ship Repair Facility* at La Brea is at an advanced stage of conceptualization and design. A public-private-partnership arrangement involving China Harbour Engineering Company will drive the modernization of the communities of the south-west peninsula;
- the *Phoenix Park Industrial Estate* in Couva is being driven by the Beijing Construction Engineering Group leading to significant job opportunities in both the construction and operational phases;

- the *Brian Lara Cricket Academy* in Gasparillo was opened in 2017 as a world-class cricket competition venue and has just been able to host very successfully, to the enjoyment of all, within a bio-secure environment, the *T20 Caribbean Professional League*, with the *Trinbago Knight Riders* emerging victorious; and
- **2,050** housing units have been allocated to families throughout the south-west communities, including at San Fernando, Debe, Golconda, Lake View Point Fortin, Corinth, Harmony Hall, Carlsen Field and Bamboo Creek, Cunupia.

In the South East of Trinidad:

- the *Moruga Agro-Processing and Light Industrial Park* commissioned in **July 2020** will contribute to the building of food security while developing linkages with the manufacturing sector;
- the *Gran Chemin Fishing Facility* in Moruga will provide new and modern infrastructure to facilitate the sale of seafood and high-quality seafood by-products;

- the Moruga Multi-Purpose Youth Facility was completed in **March 2020**; with a **500**-seater pavilion the multi-purpose field represents a modern facility for all users in the surrounding communities, including Fifth Company, St. Mary's, Basseterre, La Lune and Marac; and
- the *La Brea Pitch Lake Facility* has been upgraded with modern carparks, washrooms and enhanced security.

In Tobago:

- the *ANR Robinson International Airport* upon completion will provide a state-of-the-art passenger terminal area with a capacity of **3 million** passengers per year;
- the Dwight Yorke Stadium has now been rehabilitated and by the end of 2020, the stadium will become fully operational when refurbishment works are completed for the gym, zip rooms and track;
- a designated family court has been established making it easier for its citizens to resolve family-related disputes;
- a Children's Authority Regional Officer has been opened and operationalized;

- the housing stock has been enhanced under the home improvement grants, home improvement subsidy, home completion programme and the beneficiary-owned land programme;
- the Roxborough and Shirvan Police Stations as well as the Roxborough Fire Station have been commissioned;
- the Roxborough Hospital is due for completion by the end of the year
- the Hillsborough Dam is being desilted;
- the small- and medium-enterprises are being supported by \$300 million SME stimulus loan programme; and
- tertiary education is being made available through the UTT and COSTATT in such areas as agriculture, natural resource management and the beneficiary-owned land programme.

Madam Speaker, our programmes and policies are catering to our citizens in all areas in Trinidad and Tobago. *Ease of living* and *ease of doing business* are defined and cherished goals for our elderly, our children, our youth, our vulnerable, our differently abled, our low-income households and our entrepreneurs.

In fact, *our enlightened social safety net agenda* is ensuring the availability of essential necessities of life for more than **200,000** citizens:

- public assistance grants are being made to deserving individuals;
- the food support programme through recertification and a new debit card system is benefitting a substantial number of households;
- *general assistance grants* are being delivered to persons in dire need of temporary help, for example medical equipment, school supplies, education, rent and burials;
- *disaster relief*, including flood relief have been provided to many households allowing them to return to some measure of normalcy in their lives;
- *senior citizens' pensions* are being delivered to more than **100,000** senior citizens;
- *disability assistance grants* are now being made to relevant persons; and
- *the wages for low incomes employees* have been increased in the Unemployment Relief Programme (URP) and the Community Enhancement and Protection of the Environment Programme (CEPEP);

- **the Sea Bridge** which was in shambles on our arrival in Office in **September 2015** is now being managed efficiently and effectively and is catering to the needs of the people of Trinidad and Tobago. The short-term arrangements will soon come to an end and the Sea Bridge will be effectively serviced with the arrival of **2** brand new state-of-the-art fast ferries now under construction by Austal Ships Pty. Limited and Incat Tasmania Pty. Limited;
- **human capital** is consistently being developed with *the Government Assistance for Tuition Expenses Programme (GATE)*, a revolutionary programme of the PNM, launched in **2004**, together with the *Higher Education Loan Programme (HELP)*;
- **housing accommodation** is being expanded with **5,400** families allocated housing units over the last **5** years under the *Accelerated Housing Programme* and the *Home Improvement Grant and Squatter Regularization Programme*;

- **living for the elderly is being eased** as free *drivers' permits* and *passports* are being made available for retirees over the age of 60; the need to submit *Life Certificate* twice per year for government pensioners who were born in Trinidad and Tobago and possess computerised birth certificates is no longer required; and all government pensioners upon retirement receive an immediate monthly pension of **\$3,500**;
- **low household incomes have been improved** as taxpayers earning **\$6,000** per month or less no longer pay personal income taxes. This will now be increased to **\$7,000** per month in 2021, benefitting **250,000** taxpayers;
- **the CL Financial/CLICO stress is at an advanced stage of resolution** as we are in the final stages of concluding the repayment obligations to Government from the bailout of Colonial Life Insurance Company (Trinidad) Limited and CLICO Investment Bank as well as the liquidation of CL Financial Limited (CL Financial – CLICO issue). We have settled in an orderly manner **\$15.0 billion** of the debt owed to taxpayers and in the process, we have been able to monetize through non-debt creating resources the sum of **\$4.0 billion** from the establishment of the *National Investment Fund*;

- **a steady flow of energy revenues has been accruing to the fiscal accounts and the balance of payments** with the imposition of an economically-stable rate of **12.5 percent** as a royalty payment on resources from production of gas and oil, whatever the prevailing fiscal regime;
- **climate action in support of our commitments of the *Paris Agreement*** is being advanced with a view to achieving a reduction in overall emissions by **15.0 percent** from **3** sectors: power generation, transportation and industrial operations. Renewable energy will soon be delivering power to the electric grid;
- **Value Added Taxes (VAT)** have been removed from basic food items and their reduction from **15.0** percent to **12.5** percent has brought significant price relief and enhanced purchasing power to our consumers; and
- **public transportation** has been improving especially in underserved and unserved communities. In 2018, **35** buses were deployed into service on **25** running routes in Trinidad and in Tobago. By early 2020, an additional **25** buses were commissioned. An additional **300** buses will be soon acquired bringing the entire PTSC fleet to **500** buses, increasing its capacity to serve more travellers nationwide.

Conclusion

Madam Speaker, prior to the advent of COVID-19, we were on the cusp of our economic recovery. The economy had been stabilized as macro-economic and structural reforms had begun to take root. Favourable world economic conditions were being projected by the International Monetary Fund in **January 2020**. Global growth was estimated at **3.3** percent in **2020** and **3.4** percent in **2021** and our recovery was taking place in a benign international economic and trade environment.

Madam Speaker, the COVID-19 pandemic has been an unprecedented challenge for our country. It continues to cause tremendous hardship, taking lives and jeopardizing livelihoods both at home and around the world.

Beginning in March 2020, the virus and the very decisive and forceful measures we took to control its spread induced a sharp decline in economic activity and loss of jobs, although temporary in the first instance. Through a comprehensive social agenda, we made a critical difference in helping families, businesses and communities.

We supported the flow of credit to households and to businesses, in particular small and medium enterprises. We have ensured that the recovery from this difficult period will be as robust as is possible.

Madam Speaker, this crisis afforded us the opportunity to reset and revisit our traditional methodology for reviving growth and development from a period of decline effected by macro-economic shocks. Forced to undergo work-from-home strategies and utilizing digital technologies, we began to determine the shape and form of our future society, bearing in mind the changing contour of our energy sector which was not providing nor could it provide the resources required for funding the transformation effort.

Madam Speaker, utilizing a broad cross-section of experience and expertise, we developed a comprehensive road map to facilitate the re-opening of the economy and to put in place the foundation for a productive and innovative economy. Intertwined with this business model has been the requirement to ensure that our educational institutions re-opened in a safe manner and that they were well-equipped with the digital infrastructure for conducting virtual learning.

We are pleased that the schools have begun to function in a safe and secure environment and both teachers and students have the devices and technologies to initiate the transformation of the curriculum to ensure that our young people meet the requirements of the 21st century digital workplace.

Madam Speaker, we are now focused on building an economy which is more inclusive and more sustainable. Access to affordable housing, quality healthcare and technological skills is ensuring that our labour force is broadly employable.

With traditional fiscal space unavailable, we are mobilizing other partners in this recovery process, public-private-partnerships will support business enterprise and infrastructure development, our domestic energy sector will become much more efficient – leading an increase in our oil production and we expect that our external energy sector, driven by competitive policies, will boost gas production to levels which can accommodate the demand from our petrochemical sector.

Before I close, Madam Speaker, I wish to point out that it is neither possible nor practical in a Budget Speech to cover every single area of Government activity. To do so would make the speech inordinately long.

Accordingly, my Cabinet colleagues will in turn address in detail our plans and programmes in their own areas of responsibility.

In conclusion, Madam Speaker, we expect that the new digital economy, for which to establish we have set a tight time frame of two (2) years, will generate a new and modern society. We expect in this process to establish a new type of management – one based on societal cooperation whereby all stakeholders collaborate across all sectors for the benefit of the country, including the requirements to contain vigorously the spread of the virus. The wearing of masks, social distancing, the avoidance of crowds and good hygiene must be accorded the highest priority in our day-to-day activities. Stay at home, stop the spread and save lives.

Madam Speaker, I beg to move.